



# AARON Industries Limited

(CIN-L31908GJ2013PLC077306)

Registered Office & Unit-1: B-65 & 66, Jawahar Road No.4, Udhyog Nagar, Udhana, Surat -394210, Gujarat.

Unit -2 : Block No. 251-B, Royal Industrial Park, Vill- Moti Pardi, Ta. Magrol, Surat - 394120, Gujarat.

Tel:- 0261-2278410, E-Mail:- [info1@aaronindustries.net](mailto:info1@aaronindustries.net), Website:- [www.aaronindustries.net](http://www.aaronindustries.net)

11<sup>th</sup> August, 2021

To,  
The Manager - Listing Department  
**National Stock Exchange of India Limited**  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (East), Mumbai - 400051

Symbol: AARON

**Subject: Annual Report for the Financial Year 2020-21**

Dear Sir/ Madam,

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, please find enclosed herewith the Annual Report of the Company along with the Notice of AGM for the financial year 2020-21. The Annual Report is also being sent through electronic mode to those Members whose e-mail addresses are registered with the Company/Registrars and Transfer Agent/Depositories.

Annual Report for the financial year 2020-21 is also available on the website of the Company [www.aaronindustries.net](http://www.aaronindustries.net).

Kindly take the same on the record.

Thanking you,

Yours faithfully,  
**For Aaron Industries Limited**

*N. N. Maniya*  
**Nitinkumar Maniya**  
Company Secretary & Compliance Officer



Encl.: as above



# ANNUAL REPORT

## FY - 2020-21



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# CHAIRMAN'S LETTER

## AMAR DOSHI Chairman & MD

### Dear Shareholders

We are witnessing an unprecedented and heart-breaking impact of the pandemic that continues to devastate lives and livelihoods alike. In these times, we are greatly inspired by and pay our respects to the countless frontline warriors, owing to whose selfless service, the society and the community continues to breathe. We shall forever remain indebted to them.

FY21 was a very challenging period for us too. And I am happy to state that we stood up to the challenge with grit and determination to deliver healthy growth in revenue and profits. It has been a very momentous year for your Company and I am happy to share with you the highlights of your Company's performance during the Financial Year 2020-21.

The Financial Year 2020-21 was a good year with an overall turnaround in Turnover and profit. Your Company's total income has increased to ₹ 2504.63 Lakhs as against ₹ 2143.66 Lakhs of the previous year, an increase of 16.84%. Our Net Profit has gone from 134.40 Lakhs to 192.70 Lakhs, increased of 43.38% on year on year basis.

Further, by New Product Development in our Kosamba Unit, operations will play a major role towards our growth in the Steel polishing segment. During the Year, we have witnessed a healthy growth in this segment and reported revenue of ₹ 769.59 lakhs as against ₹ 163.99 lakhs of the previous year, an increase of 369.28%. This unit also helped us in supply of SS sheet which is used as raw material in our primary products i.e. Elevator doors and cabins. That largely reduced our dependency from external providers.

In every way, we are firmly on our way to becoming a more future-ready Company and determined to keep formulating robust strategies and means to combat the challenges thrown by the pandemic. Our focus remains steadfastly on operating our assets and facilities at capacity, putting in place our diversification initiatives, looking at growth opportunities, but always keeping the safety of our employees at the forefront.

As the country navigates the second wave of the pandemic, where challenges have become even more difficult, we are committed to ensuring the safety of our employees, their families, and the communities in which we operate. Till the impact of the vaccine is fully felt, We continue to see our operations exposed to several challenges. We are actively encouraging our employees to get vaccinated, and also facilitate the same.

I am especially proud of the way in which our employees demonstrated strength, conviction and courage during these times. I am indebted to each one of them for having stood solidly behind the Company. Without them, last year's performance would not have been possible.

In closing, I thank the Board for their continued guidance to steer the Company in its journey ahead. I extend my gratitude to the entire team, our staff and workers, for their disciplined determination. I also place on record my gratitude to all our other stakeholders, Customers, Bankers, Suppliers and Government Authorities – for the steadfast support and assistance throughout.

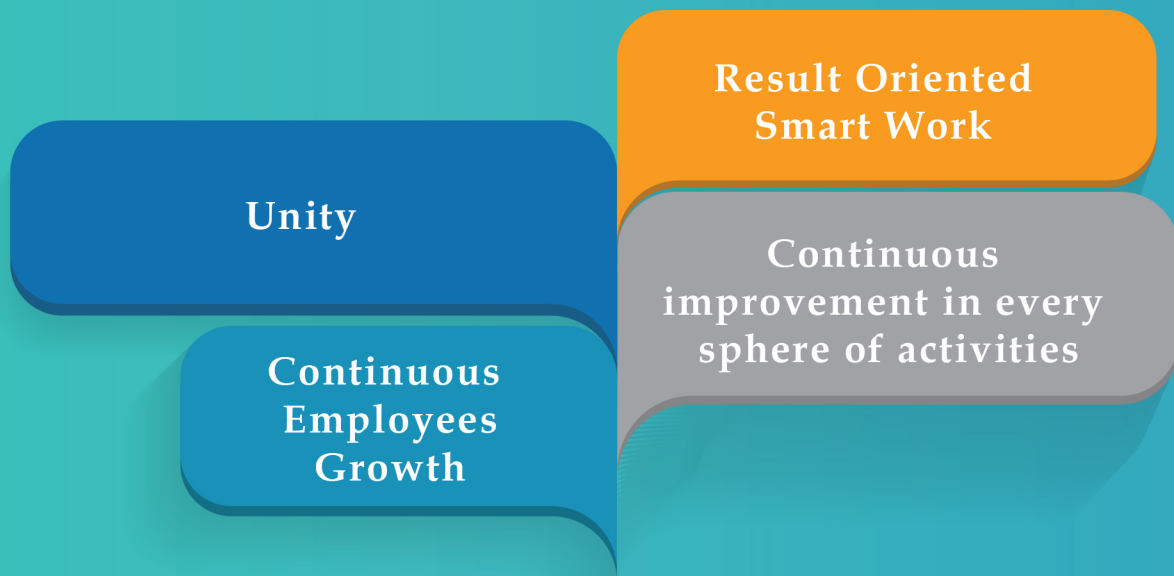


# CORE PURPOSE

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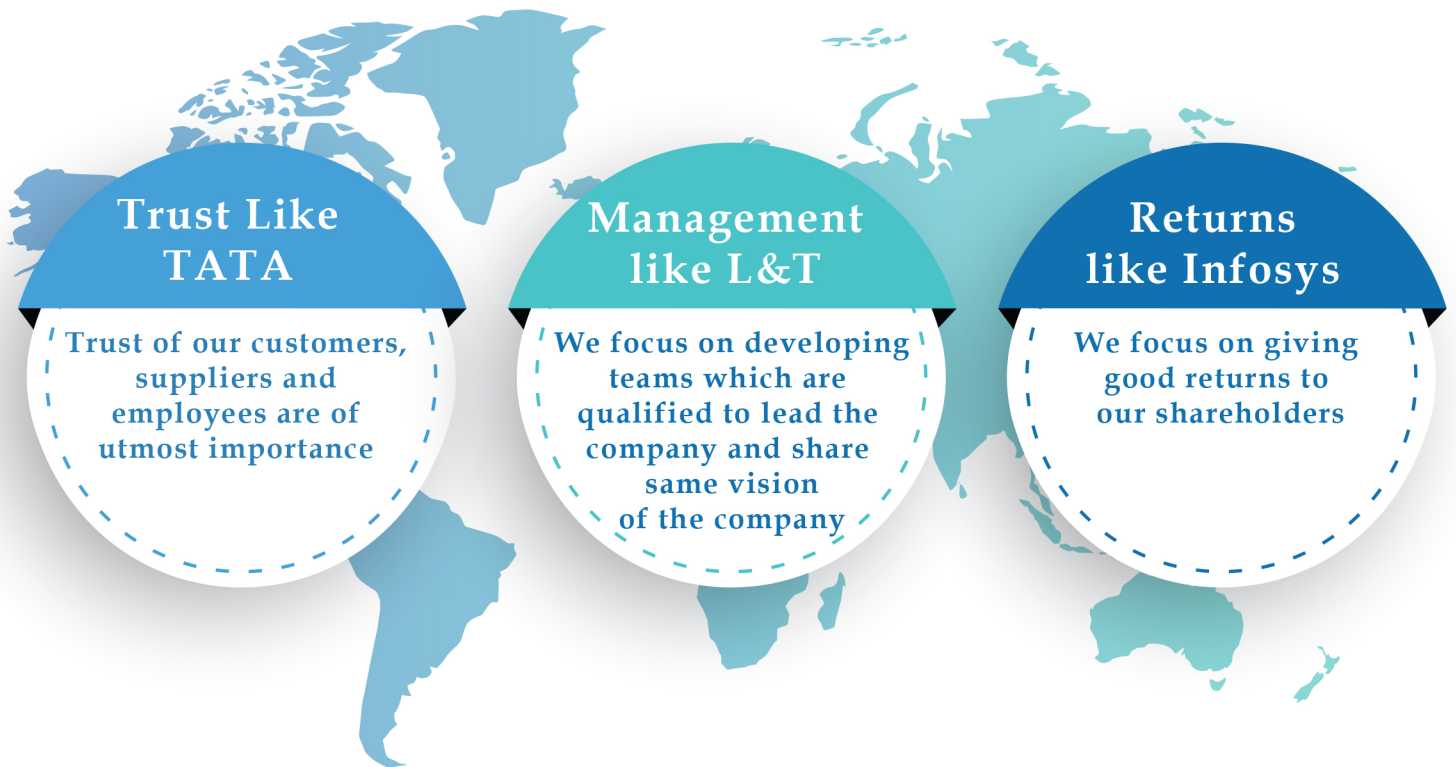
To innovatively convert resources into product that provide ease, comfort, safety and add value to human life

## CORE VALUES



# GROWTH PILLARS

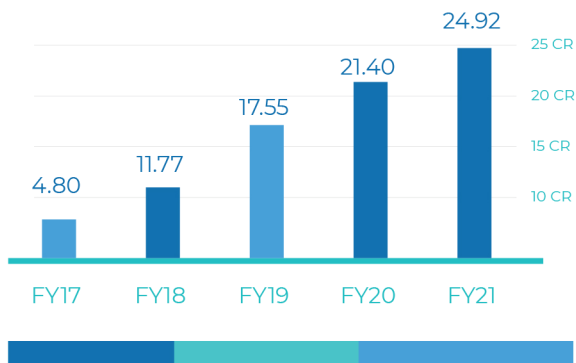
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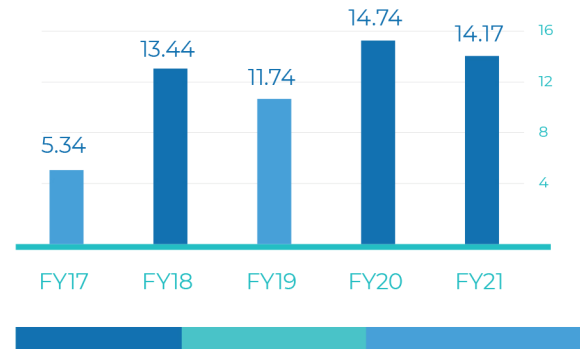
# FINANCIAL HIGHLIGHTS

## Revenue From Operations

Rs (in Cr.)

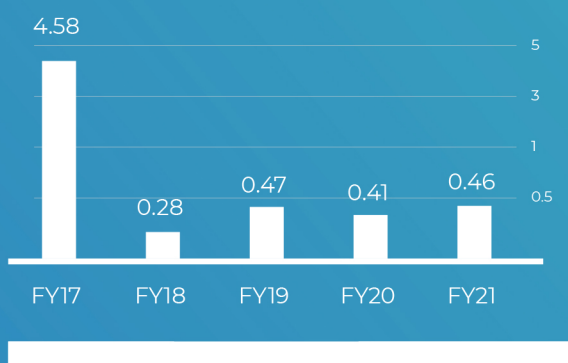


## EBITA% (Excl. O.L. & Exceptional Items)



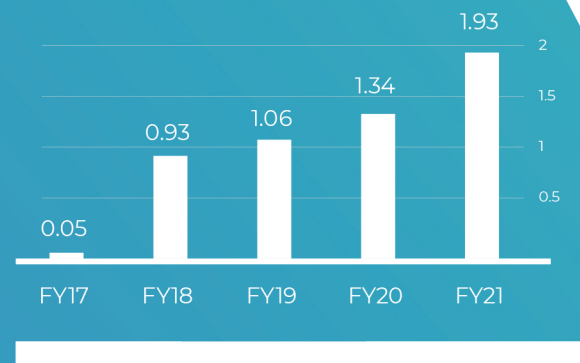
## Debt to Equity

Rs (in Cr.)



## PAT

Rs (in Cr.)

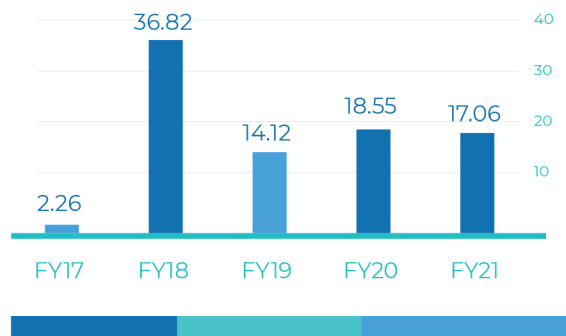


# FINANCIAL HIGHLIGHTS

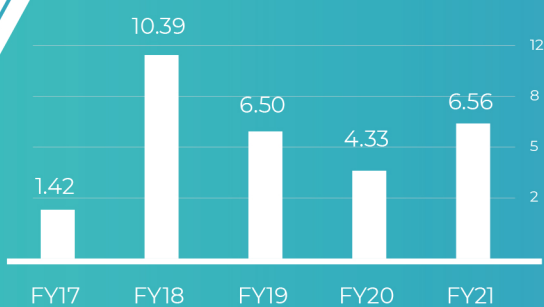
## Return on Equity (%)



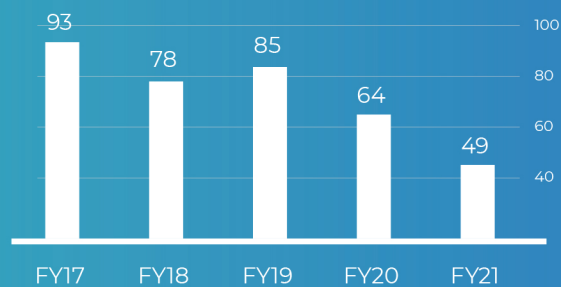
## Return on Capital Employed (%)



## Interest Coverage



## Days Working Capital





# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Management Discussion and Analysis Report covering business performance and outlook (within limits set by Company's competitive position) is given below:

## 1. Industry Structure and Developments:

### Global economic overview

The global economy reported de-growth of 3.3% in 2020 compared to 2.9% in 2019, However, the economy demonstrated considerable resilience in posting a reasonable recovery through the course of the year under review.

Particulars	2018	2019	2020	2021
Real GDP Growth %	3.6	2.9	(3.3)	6.0

(Source: IMF)

### Indian economic overview

The Indian economy reported a smart recovery following the first lockdown quarter of 2020-21. The Indian and state governments selectively lifted controls on movement, public gatherings and events from June 2020 onwards, each stage of lockdown relaxation linked to corresponding economic recovery. The recovery was not linear but across-the-board and the country reported a consumption revival that translated into better performance for a number of industries.

#### Y-o-Y growth of Indian Economy

Particulars	2018	2019	2020	2021
Real GDP Growth %	7.0	6.1	4.2	(7.3)

#### Growth of Indian Economy 2020-21

Particulars	Q1,2021	Q2,2021	Q3,2021	Q4,2021
Real GDP Growth %	(23.9)	(7.5)	0.4	16

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

## Indian economic reforms and recovery

The Indian government introduced a number of reforms to catalyse national economic growth during the year under review. The Union Cabinet approved the production linked incentive (PLI) scheme for 10 sectors, which is expected to accelerate the manufacturing momentum within India. The cumulative impact of the various reforms was improved consumer sentiment and improving Goods and Services Tax (GST) collections in the second half of 2020-21. Besides, foreign direct investments (FDI) into India increased 13% to US\$57 Billion in 2020, the digital sector being the biggest catalyst.



### Elevator Market

The Company is engaged in the Business of manufacturing of Elevator and Elevator parts. India is the second largest market for elevators and escalators in the world according to independent analysts. The sector is anticipated to cross \$2 billion by 2023. This rise is expected mainly due to vital factors including increasing urbanization, development of the real estate sector, and increasing number of multi-storey residential and commercial buildings across the country.

Due to increasing urbanization and developments, the demand for vertical transportation is constantly increasing. It serves as a necessity rather than luxury. As urbanization continues to grow, the need for housing and commercial space will grow. Hence, India's elevator industry will continue to grow just as rapidly. We can also anticipate the next developments in elevator technology to be digitalization and the emphasis should be on passenger experience.

Moreover, government initiatives such as Smart Cities Mission and Pradhan Mantri Awas Yojana (Urban), and growing adoption of smart, fast and environment friendly elevators are expected to aid growth in the India elevators and escalators market during the forecast period. Furthermore, rising demand for elevators with Automatic Rescue Device is anticipated to boost the country's elevators and escalators market in the coming years.

Increasing number of high rise buildings is driving demand for passenger elevators across different end user segment including residential, commercial, industrial and government institutions. Cities like Ahmedabad, Mumbai, Delhi, Bangalore, Chennai, Kolkata, Hyderabad, Pune, Nasik, Patna, Surat, Vadodara, Noida and Gurgaon are the major demand generators for elevators and escalators in the Country.



## Steel Polishing and Finishing Market

India was the world's second largest Steel producer in year 2019. India surpassed Japan to become the world's second largest Steel producer in year 2019, with crude steel production of 111.2 million tonnes (MT). In India, as per Indian Steel Association (ISA), steel demand is estimated to grow 7% in FY20 and FY21.

The growth in the Indian Steel sector has been driven by domestic availability of raw materials such as iron ore and cost-effective labour. Consequently, the Steel sector has been a major contributor to India's manufacturing output. India's finished Steel consumption grew at a CAGR of 5.2% during FY16-FY20 to reach 100 MT. India's crude Steel and finished Steel production increased to 108.5 MT and 101.03 MT in FY20, respectively.

Between April 2020 and February 2021, India's cumulative production of finished steel at 85.60 MT. In April 2021, India's finished steel consumption stood at 6.78 MT. For the period April 2020 and February 2021, India's cumulative production of crude steel stood at 92.78 MT. India's per capita consumption of Steel grew at a CAGR of 4.43 per cent from 46 kgs in FY08 to 74.10 kgs in FY19.

Government has taken various steps to boost the sector including the introduction of National Steel Policy 2017 and allowing 100% Foreign Direct Investment (FDI) in the steel sector under the automatic route. According to the data released by Department for Promotion of Industry and Internal Trade (DPIIT), Indian metallurgical industries attracted Foreign Direct Investment (FDI) to the tune of US\$ 14.24 billion between April 2000 and September 2020.

The Government's National Steel Policy 2017 aims to increase the per capita steel consumption to 160 kgs by 2030-31. The Government has also promoted policy which provides a minimum value addition of 15% in notified steel products covered under preferential procurement.

In January 2021, the Ministry of Steel, Government of India, signed a Memorandum of Cooperation (MoC) with the Ministry of Economy, Trade and Industry, Government of Japan, to boost the steel sector through joint activities under the framework of India-Japan Steel Dialogue.

Under the Union Budget 2020-21, the government allocated Rs. 39.25 crore (US\$ 5.4 million) to the Ministry of Steel

## 2. Opportunity

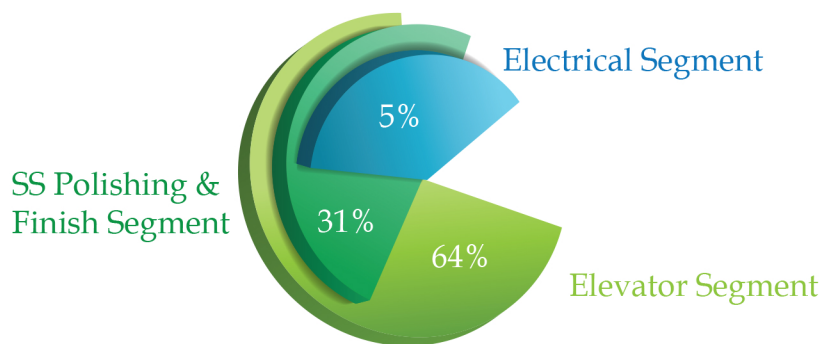
- Increasing number of high-rise residential and commercial buildings across the country.
- As per Indian Steel Association (ISA), steel demand will grow by 7.2% in 2019-20 and 2020-21
- Increasing infrastructure spending by developing economies is expected to result in the growth of Elevators Market.
- Increasing concept of Elevator in Bungalow.
- Growing value of aesthetics in elevators



### 3. Segment-wise or Product-wise performance

(Rs in Lakhs)

Particulars	FY 2020-21	FY 2019-20
Elevator	1591.28	1836.71
Electrical	131.58	139.21
Steel Polishing & Finishing	769.59	163.99
<b>Total</b>	<b>2492.44</b>	<b>2139.92</b>





## 4. Outlook

The Company is confident that it can utilise future opportunities and face future challenges with agility in order to meet the shareholders' expectation of sustainable growth and profitability. The key focus areas are:

- Debt reduction and thereby savings in interest cost
- Increasing the Value Addition per product
- To Sustain the EBITDA levels

Your Company focuses on quality products and expects to get more orders in coming years. Adoption of global trends in Elevator business which includes energy efficient, safe and reliable equipment manufacturing and Improve designs will help us to gain more in coming years.

## 5. Risks, concerns and threats

The Company is exposed to a number of risks such as economic, regulatory, taxation and environmental risks. Further, Following can be some of the risk and concern the Company needs to be keep in mind:

- Economic uncertainty: Based on the current and future market environment estimates, the base cost of material are expected to continue to be volatile. GDP witnessed contraction pushing the economy in a recession.
- The main challenges facing the steel industry today are overcapacity, high raw material/energy costs and price volatility.
- The constantly fluctuating price of raw materials and weak steel prices have put significant pressure on steel margins.
- Delayed real estate projects have impacted elevator industry.
- Malpractices by some of the players in the industry may affect overall performance of the emerging players.
- It is a challenge to recruit and hire technically sound manpower, who understands the complexity and technicality of elevator products for installation, servicing & maintenance.

Some of the risks that may arise in its normal course of its business and impact its ability for future developments include inter-alia, credit risk, liquidity risk, counterparty risk, regulatory risk, commodity inflation risk, currency fluctuation risk and market risk.

## 6. Internal control system and their adequacy

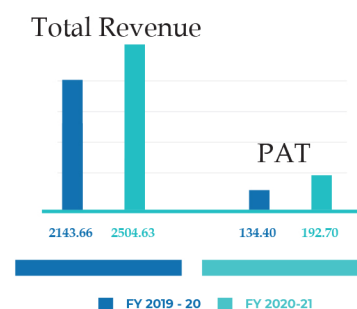
The Company maintains adequate and effective internal control systems commensurate with its size and complexity. It also ensures that they are recorded in all material respects to permit preparation of financial statements in conformity with established accounting principles, along with the assets of the Company being adequately safeguarded against significant misuse or loss.

In the opinion of the Management, the Company has adequate internal audit and control systems to ensure that all transactions are authorized, recorded and reported correctly. An independent internal audit function is an important element of the Company's internal control systems. This is supplemented through an extensive internal audit programme and periodic review by the management and the Audit Committee. The Corporate Governance practices instituted by the Company are discussed in detail in the chapter on Corporate Governance which forms part of the Annual Report.

## 7. Discussion on financial performance with respect to operational performance:

The Total Income for the current year is Rs. 2504.63 Lakhs as compared to Rs. 2143.66 Lakhs in the previous year. It grew by 16.84% for the financial year 2020-21. The Profit before Tax for the year under review is Rs. 245.62 Lakhs as against Rs. 196.19 Lakhs of the previous year. The Company has made a Net Profit after Tax of Rs. 192.70 Lakhs in the current year as against Rs. 134.40 Lakhs of the previous year.

EBITDA margin of the Company decrease to 14.17% against the previous year of 14.51%



## 8. Material developments in Human Resources / Industrial Relations front, including number of people employed

Financial Year 2020-21 is the year of the pandemic but all our units have been functioning normally since May on easing of lockdown restrictions. Post the easing of lockdown restrictions, there has been a focus on renewing and continuing operations in a safe and sustainable manner. The reopening of units post lockdown has been done in a manner that provides a safe working environment for the workforce. All Safety protocols mandated by local authorities at the different unit locations have been followed. A much better than expected recovery in demand in the second half of the year has been a challenge for operating teams at the units.

The workforce showed great resilience in the face of an unprecedented pandemic demonstrating its ability to adapt to new circumstances. They ensured that your Company was quickly on its way to normalcy and well placed to exploit opportunities in favourable market conditions.

During the year ended March 2021, the Company has employed 106 permanent workmen and staff.

## 9. Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefore, including:

Particulars	FY 2020-21	FY 2019-20	% Change	Reason For Change
Interest Coverage Ratio	6.56	4.33	51.28%	Due to increase in borrowing for business expansion

## 10. Details of any change in Return on Net Worth as compared to the immediately previous financial year along with detailed explanations thereof:

Particulars	FY 2020-21	FY 2019-20	% Change	Reason For Change
Return on Net Worth	15.83%	12.72%	24.44%	During FY 2021, the company has performed better in PAT by 43.37% and PBT by 25.19%

## 11. Cautionary Statement

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, whether expressed or implied. Several factors could make significant difference to the Company's Operations. These include climatic and economic conditions affecting demand and supply, government regulations and taxation, any epidemic or pandemic, natural calamities over which the Company may not have any direct / indirect control.

## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

Mr. Amar Doshi	Chairman & Managing Director
Mr. Karan Doshi	Whole-time Director
Mr. Monish Doshi	Director & Chief Financial Officer
Mr. Pradeep Choksi	Independent Director
Mr. Hetal Mehta	Independent Director
Mrs. Shrungi Desai	Independent Director

### **CHIEF FINANCIAL OFFICER**

Mr. Monish Doshi

### **COMPANY SECRETARY & COMPLIANCE OFFICER**

Mr. Ankitkumar Tank (Up to 16<sup>th</sup> January, 2021)  
Mr. Nitinkumar Maniya (w.e.f. 16<sup>th</sup> January, 2021)

### **STATUTORY AUDITORS**

**M/s. P. J. Desai & Co.**  
Chartered Accountants  
34, Maher Park - A, Opp-Fly Over Bridge,  
Athwagate, Surat-395001, Gujarat

### **INTERNAL AUDITORS**

**M/s. VCAS & Co.**  
Chartered Accountants  
141, 1<sup>st</sup> Floor, Kamal Park-2, Beside Little  
Flower School, Kapodra, Varachha,  
Surat-395006, Gujarat

### **BANKERS**

HDFC Bank  
Indian Bank

### **REGISTERED OFFICE**

B-65 & 66, Jawahar Road No. 4,  
Udhyog Nagar, Udhana, Surat – 394210,  
Gujarat  
Tel.: 0261-2278410  
E-mail: [info1@aaronindustries.net](mailto:info1@aaronindustries.net)  
Website: [www.aaronindustries.net](http://www.aaronindustries.net)

### **PLANT LOCATIONS**

1. B-65 & 66, Jawahar Road No. 4, Udhyog Nagar, Udhana, Surat – 394210, Gujarat
2. 251-B, Royal Industrial Park, Vil. Moti Pardi, Ta. Mangrol, Surat-394120, Gujarat

### **REGISTRAR & SHARE TRANSFER AGENT**

**M/s. Bigshare Services Private Limited**  
1<sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis,  
Makwana Road, Marol, Andheri East, Mumbai-400059, Maharashtra  
Phone No.: 022 – 62638200, Fax: 022 - 62638299  
Email: [info@bigshareonline.com](mailto:info@bigshareonline.com)  
Website: [www.bigshareonline.com](http://www.bigshareonline.com)



## **NOTICE**

**Notice** is hereby given that the **8<sup>th</sup> Annual General Meeting (AGM)** of the members of **AARON INDUSTRIES LIMITED** will be held on Friday, the 17<sup>th</sup> September, 2021 at 11:00 A.M. (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following business:

### **ORDINARY BUSINESS:**

#### **1. Adoption of Audited Standalone Financial Statements:**

To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2021 together with the reports of the Board of Directors and Auditors thereon.

#### **2. Appointment of Director retiring by rotation:**

To appoint a Director in place of Mr. Amar Doshi (DIN: 00856635), who retires by rotation, and being eligible, offers himself for re-appointment.

### **SPECIAL BUSINESS:**

#### **3. Re-appointment of Mr. Amar Doshi (DIN:00856635) as a Chairman & Managing Director of the Company:**

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

**"RESOLVED THAT** pursuant to the recommendation of the Nomination and Remuneration Committee, and in accordance with the provisions of Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time and pursuant to Articles of Association of the Company, the approval of members of the Company be and is hereby accorded for the Re-appointment of Mr. Amar Doshi (DIN:00856635), as a Chairman & Managing Director of the Company for a further period of (3) three years with effect from 1<sup>st</sup> February, 2021 to 31<sup>st</sup> January, 2024, liable to retire by rotation, on such terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this Meeting (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment).

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee of the Board ('the Board') be and is hereby authorized to increase, alter, vary and modify the said terms and conditions of re-appointment and/or remuneration payable as per the provisions of the Act.

**RESOLVED FURTHER THAT** any one Director of the Company and PCS Dhiren R. Dave be and are hereby severally authorized to sign and file e-forms and such other forms and documents as may be necessary with the Registrar of Companies and to do all such acts, deeds and things as may be necessary or expedient thereto to give effect to the aforesaid resolution."

#### **4. Re-appointment of Mr. Karan Doshi (DIN: 06690242) as a Whole-time Director of the Company:**

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

**“RESOLVED THAT** pursuant to the recommendation of the Nomination and Remuneration Committee, and in accordance with the provisions of Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time and pursuant to Articles of Association of the Company, the approval of members of the Company be and is hereby accorded for the Re-appointment of Mr. Karan Doshi (DIN:06690242), as a Whole-time Director of the Company for a further period of (3) three years with effect from 1<sup>st</sup> February, 2021 to 31<sup>st</sup> January, 2024, liable to retire by rotation, on such terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this Meeting (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment).

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee of the Board (‘the Board’) be and is hereby authorized to increase, alter, vary and modify the said terms and conditions of re-appointment and/or remuneration payable as per the provisions of the Act.

**RESOLVED FURTHER THAT** any one Director of the Company and PCS Dhiren R. Dave be and are hereby severally authorized to sign and file e-forms and such other forms and documents as may be necessary with the Registrar of Companies and to do all such acts, deeds and things as may be necessary or expedient thereto to give effect to the aforesaid resolution.”

**Registered Office:**

B-65 & 66, Jawahar Road No. 4,  
Udhyog Nagar, Udhana,  
Surat – 394210, Gujarat

Date: 06/08/2021  
Place: Surat

By order of the Board Directors of  
**Aaron Industries Limited**

**Nitinkumar Maniya**  
Company Secretary & Compliance Officer  
ACS No.: 51182

**Notes:-**

1. The Statement, pursuant to Section 102 of the Companies Act, 2013, as amended (‘Act’) setting out material facts concerning the business with respect to Items No. 3 & 4 forms part of this Notice. Additional information, pursuant to Regulations 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’) and Secretarial Standard 2 on General Meetings issued by The Institute of Company Secretaries of India, in respect of Directors seeking re-appointment at this Annual General Meeting (‘Meeting’ or ‘AGM’) is furnished as an annexure to this Notice.
2. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (MCA), has vide its General Circular No. 14/2020 dated 8<sup>th</sup> April, 2020, General Circular No. 17/2020 dated 13<sup>th</sup> April, 2020, General Circular No. 20/2020 dated 5<sup>th</sup> May, 2020 and General Circular No. 02/2021 dated 13<sup>th</sup> January, 2021 (collectively referred to as “MCA Circulars”) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15<sup>th</sup> January, 2021 issued by the Securities and Exchange Board of India (‘SEBI Circulars’) permitted the holding of the Annual General

Meeting (“AGM”) 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, MCA and SEBI Circulars, the AGM of the Company is being held through VC/OAVM.

3. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and MCA Circulars dated 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020, 5<sup>th</sup> May, 2020 and 13<sup>th</sup> January, 2021, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting agency. The facility of casting votes by a member using remote e-Voting as well as the e-Voting system on the date of the AGM will be provided by CDSL.
4. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/ herself and the proxy need not be a member. Since the 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 including Route Map are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC / OAVM and participate thereat and cast their votes.
5. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
6. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
7. Corporate Members pursuant to Section 113 of the Companies Act, 2013 intending to attend the Annual General Meeting through their authorized representatives, are requested to send to the Company, a certified copy of relevant Board resolution together with the respective specimen signatures of those representative(s) authorized under the said resolution to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting.
8. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated 13<sup>th</sup> April, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.aaronindustries.net](http://www.aaronindustries.net). The Notice can also be accessed from the websites of the Stock Exchange i.e. National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-Voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).

9. In accordance with, the General Circular No. 20/2020 dated 05<sup>th</sup> May, 2020 issued by MCA and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020 issued by SEBI, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent only through electronic mode to those Members whose e-mail address are registered with the Company or the depository Participant(s).

Members desirous of receiving communication from the Company in electronic form, may register their email address with their respective depository participant. Further, Members are also requested to approach their depository participant to register their e-mail address in their demat account details as per the process defined by the respective depository participant.

10. The SEBI has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit the PAN to their respective Depository Participant(s). Members holding shares in physical form can submit their PAN details to the Company or to the RTA (Bigshare Services Private Limited).
11. The Register of Members and Share Transfer books of the Company will remain closed from Saturday, 11<sup>th</sup> September, 2021 to Friday, 17<sup>th</sup> September, 2021 (both days inclusive).
12. The members, holding shares in dematerialized form may intimate any change in their addresses or bank details/mandates to their Depository Participants (DP) immediately.
13. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
14. Members seeking any information/document as referred in the Notice are requested to write to the Company on or before Friday, 17<sup>th</sup> September, 2021 through email at [info1@aaronindustries.net](mailto:info1@aaronindustries.net). The same will be addressed by the Company suitably.
15. The Board of Directors of the Company have appointed Mr. Dhiren R. Dave, Practicing Company Secretaries as the Scrutinizer to scrutinize the remote e-Voting process and voting through electronic voting system at the AGM in a fair and transparent manner.
16. The Scrutinizer will, after the conclusion of e-Voting at the Meeting, scrutinize the votes cast at the Meeting and votes cast through remote e-Voting, make a consolidated Scrutiniser's Report and submit the same to the Chairman or a person authorised by him in writing, who shall countersign the same and declare results (consolidated) within two working days from the conclusion of the AGM.
17. The result declared along with the Scrutinizers Report will be placed on the Company's website [www.aaronindustries.net](http://www.aaronindustries.net) and on the website of CDSL e-Voting [www.evotingindia.com](http://www.evotingindia.com) immediately after the declaration of result and the same will also be communicated to the National Stock Exchange of India Limited.



18. Instructions for e-Voting and joining the AGM are as follows:

**A. THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:**

- i. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company provides to Members the facility of exercising their right to cast vote(s) at the AGM by electronic means and the business may be transacted through e-Voting services.
- ii. The voting period begins on Tuesday, 14<sup>th</sup> September, 2021 at 9.00 AM and ends on Thursday 16<sup>th</sup> September, 2021 at 5.00 PM. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Friday, 10<sup>th</sup> September, 2021 may cast their vote electronically. The e-Voting module shall be disabled by CDSL for voting thereafter.
- iii. The facility for electronic voting system shall also be made available at the AGM. The Members attending the AGM, who have not cast their votes through remote e-Voting and are otherwise not barred from doing so, shall be able to exercise their voting rights at the AGM. The Members who have already casted their votes through remote e-Voting may attend the meeting but shall not be entitled to cast their votes again at the AGM.
- iv. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9<sup>th</sup> December, 2020 under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities 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 shareholder's/retail shareholders is at a negligible level.

Currently, there are multiple e-Voting service providers (ESPs) providing e-Voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

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.

- v. In terms of SEBI circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9<sup>th</sup> December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>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 URL 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 visit <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>.</li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from e-Voting link available 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; E-mail as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders holding securities in demat mode with <b>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 re-directed 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> </ol>

	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 hold 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 & voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their <b>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 website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL:

Login type	Helpdesk details
Individual Shareholders 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 22-23058542-43.
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	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

vi. The details of the process and manner for remote e-Voting and joining virtual meeting for shareholders other than individual shareholders & physical shareholders:

1. The shareholders should log on to the 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 Digits Client ID,
  - c) Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
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 Shareholders holding shares in Demat Form and Physical Form than individual and Physical Form</b>
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the 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 as mentioned in instruction (ii &amp; iii).</li> </ul>

- vii. After entering these details appropriately, click on “SUBMIT” tab.
- viii. Shareholders 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 for resolutions of any other Company on 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.
- ix. For Members holding shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.
- x. Click on the EVSN for the Aaron Industries Limited.
- xi. 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.
- xii. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xiii. 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.
- xiv. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xvi. If a demat account holder has forgotten the login password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii. Shareholders 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 Voting on your mobile.

#### xviii. Facility for Non – Individual Shareholders and Custodians – Remote Voting

- ◆ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian 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 user would be able to link the account(s) for which they wish to vote on.
- ◆ The list of accounts 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 shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at the email address [drdf@drdcs.net](mailto:drdf@drdcs.net) and to the Company at the email address viz; [compliance@aaronindustries.net](mailto:compliance@aaronindustries.net) (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-Voting system for the scrutinizer to verify the same.

#### B. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

- i. Member will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-Voting credentials. The link for VC/OAVM will be available in shareholder / members login where the EVSN of Company will be displayed.
- ii. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
- iii. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- iv. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- v. 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.
- vi. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **10 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at Company email id viz; [compliance@aaronindustries.net](mailto:compliance@aaronindustries.net).
- vii. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
- viii. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted 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.



- ix. If any Votes are cast by the shareholders through the e-Voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-Voting during the meeting is available only to the shareholders attending the meeting.

**C. INSTRUCTIONS PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

- i. For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company at [compliance@aaronindustries.net](mailto:compliance@aaronindustries.net).
- ii. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP)
- iii. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meeting through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can 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) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> 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.

**Explanatory statement pursuant to Section 102 of the Companies Act, 2013**

As required under Section 102 of the Companies Act, 2013 (the “Act”), the following explanatory statement sets out all material facts relating to business mentioned under Item No. 3 & 4 of the accompanying Notice:

**Item No. 3:**

Mr. Amar Doshi was appointed as a Chairman & Managing Director of the Company w.e.f. 1<sup>st</sup> February, 2018 for a period of 3 years in an Extra Ordinary General Meeting held on 2<sup>nd</sup> February, 2018. Accordingly, the existing term of Mr. Amar Doshi as a Chairman & Managing Director of the Company was expired on 31<sup>st</sup> January, 2021.

The Board of Directors of the Company at its meeting held on 16<sup>th</sup> January, 2021, on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Members of the Company, approved re-appointment of Mr. Amar Doshi, as Chairman & Managing Director for a further period of 3 (three) years with effect from 1<sup>st</sup> February, 2021 to 31<sup>st</sup> January, 2024.

Mr. Amar Doshi satisfies all the conditions set out in Part-I of Schedule V to the Act and also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. He is not disqualified to act as Director in terms of Section 164 of the Act. He is not debarred from holding the office of Director by virtue of any SEBI order or any other such authority.

Details of Mr. Amar Doshi, pursuant to the provisions of (i) SEBI (LODR) Regulations and (ii) Secretarial Standard on General Meetings ('SS-2') issued by the Institute of Company Secretaries of India are provided in the '**Annexure**' to the Notice.

It is proposed to seek approval of the Members for the re-appointment of and remuneration payable to Mr. Amar Doshi, as a Chairman & Managing Director of the Company, in terms of the applicable provisions of the Companies Act, 2013 ('the Act') and rules made thereunder.

Broad particulars of the terms of re-appointment of and remuneration payable to Mr. Amar Doshi are as under:

Remuneration (Fixed Salary):	Rs. 2,20,000/- (Rupees Two Lakh Twenty Thousand) per month inclusive of dearness and all other allowances.
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**Minimum Remuneration:**

In the event of loss or inadequacy of profits in any financial year, during the tenure of the Managing Director, the Company shall pay remuneration to the Managing Director, within the maximum ceiling per annum as per Section II of Part II of Schedule V of the Companies Act, 2013, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, as per the recommendation of the Nomination and Remuneration Committee and the approval of the Board of Directors of the Company.

**Sitting Fees:**

He shall not be paid sitting fees for attending the meetings of the Board of Directors or Committees thereof.

Mr. Amar Doshi, has been associated with the Company since incorporation and has contributed a great value in the growth and success of the Company with his rich expertise in the industry where the Company operates. It would be the interest of the Company to continue to avail of his considerable expertise and to re-appoint him as the Managing Director.

This Explanatory Statement may also be considered as the requisite abstract under Section 190 of the Companies Act, 2013 setting out the terms and conditions of appointment of Mr. Amar Doshi, as a Chairman & Managing Director of the Company.

The Board of the Directors accordingly recommends the Special Resolutions set out at Item No. 3 of this Notice for approval of the members.

**Interest of Directors & Key Managerial Personnel:**

None of the Directors or Key Managerial Personnel of the Company or their relatives, except Mr. Amar Doshi, Chairman & Managing Director, Mr. Karan Doshi, Whole-time Director and Mr. Monish Doshi, Director who are related to each other, are concerned or interested, financially or otherwise, in this Special Resolution except to the extent of their shareholding interest, if any, in the Company.

**Item No. 4:**

Mr. Karan Doshi was appointed as a Whole-time Director of the Company w.e.f. 1<sup>st</sup> February, 2018 for a period of 3 years in an Extra Ordinary General Meeting held on 2<sup>nd</sup> February, 2018. Accordingly, the existing term of Mr. Karan Doshi as a Whole-time Director of the Company was expired on 31<sup>st</sup> January, 2021.

The Board of Directors of the Company at its meeting held on 16<sup>th</sup> January, 2021, on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Members of the Company, approved re-appointment of Mr. Karan Doshi, as Whole-time Director for a further period of 3 (three) years with effect from 1<sup>st</sup> February, 2021 to 31<sup>st</sup> January, 2024.

Mr. Karan Doshi satisfies all the conditions set out in Part-I of Schedule V to the Act and also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. He is not disqualified to act as Director in terms of Section 164 of the Act. He is not debarred from holding the office of Director by virtue of any SEBI order or any other such authority.

Details of Mr. Karan Doshi pursuant to the provisions of (i) SEBI (LODR) Regulations and (ii) Secretarial Standard on General Meetings ('SS-2') issued by the Institute of Company Secretaries of India are provided in the '**Annexure**' to the Notice.

It is proposed to seek approval of the Members for the re-appointment of and remuneration payable to Mr. Karan Doshi, as a Whole-time Director of the Company, in terms of the applicable provisions of the Companies Act, 2013 ('the Act') and rules made thereunder.

Broad particulars of the terms of re-appointment of and remuneration payable to Mr. Karan Doshi are as under:

Remuneration (Fixed Salary):	Rs. 1,90,000/- (Rupees Two Lakh Twenty Thousand) per month inclusive of dearness and all other allowances.
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**Minimum Remuneration:**

In the event of loss or inadequacy of profits in any financial year, during the currency of the term of the Whole-time Director, the Company shall pay remuneration to the Whole-time Director, within the maximum ceiling per annum as per Section II of Part II of Schedule V of the Companies Act, 2013, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, as per the recommendation of the Nomination and Remuneration Committee and the approval of the Board of Directors of the Company.

**Sitting Fees:**

He shall not be paid sitting fees for attending the meetings of the Board of Directors or Committees thereof.

Mr. Karan Doshi, has been associated with the Company since incorporation and has contributed a great value in the growth and success of the Company with his rich expertise in the industry where the Company operates. It would be the interest of the Company to continue to avail of his considerable expertise and to re-appoint him as the Whole-time Director.

This Explanatory Statement may also be considered as the requisite abstract under Section 190 of the Companies Act, 2013 setting out the terms and conditions of appointment of Mr. Karan Doshi, as a Whole-time Director of the Company.

The Board of the Directors accordingly recommends the Special Resolutions set out at Item No. 4 of this Notice for approval of the members.

### Interest of Directors & Key Managerial Personnel:

None of the Directors or Key Managerial Personnel of the Company or their relatives, except Mr. Karan Doshi, Whole Time Director, Mr. Amar Doshi, Chairman & Managing Director and Mr. Monish Doshi, Director who are related to each other, are concerned or interested, financially or otherwise, in this Special Resolution except to the extent of their shareholding interest, if any, in the Company.

### **ANNEXURE TO THE NOTICE**

**Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 on “General Meeting” issued by the Institute of Company Secretaries of India:**

Name of the Director	Mr. Amar Doshi	Mr. Karan Doshi
Director Identification Number (DIN)	00856635	06690242
Designation/Category	Chairman & Managing Director	Whole-time Director
Date of Birth & Age	16.09.1962 & 58 Year	14.05.1986 & 35 Year
Date of appointment on the Board	Since Incorporation	Since Incorporation
Nationality	Indian	Indian
No. of Board Meetings attended during the Year 2020-2021	8	8
Qualification & Brief Profile	He has completed his Diploma in Man-made fibres fabrics (with in-Plant Training) in the year 1984. He has around a 3 decade of experience in Sheet Metal Fabrication business.	He has completed his Bachelors of Engineering from University of Pune in year 2009. Further, he has also completed his Master of Mechanical Engineering from University of Southern California in the year 2011.
Expertise in specific functional area	He has around a 3 decade of experience in Sheet Metal Fabrication business. He is involved in planning, strategies and capacity expansion and business development of our Company. His scope of work also includes overall management of Stainless Steel polishing division of our Company.	He has over 9 years of business experience in Sheet metal fabrication business. He is Production Head of our Company and involved in overseeing production process and planning and organizing production schedules.
Terms and conditions of appointment or re-appointment	Terms and conditions will be the same under mentioned the Appointment Letter between the Company and him.	Terms and conditions will be the same under mentioned the Appointment Letter between the Company and him.
Remuneration	Rs.2,20,000/- per month inclusive all allowances	Rs.1,90,000/- per month inclusive all allowances

No. of Equity Shares held in the Company	26,52,252 Equity Shares	14,34,122 Equity Shares
Directorship in the other Listed Entities	Nil	Nil
Membership/Chairmanship in Committees (Other than Aaron Industries Limited)	Nil	Nil
Relationship with other Director(s), Manager and KMP	He is the father of Mr. Karan Doshi, Whole-Time Director and Mr. Monish Doshi, Director & CFO of the Company.	He is the Son of Mr. Amar Doshi, Chairman & Managing Director and Brother of Mr. Monish Doshi, Director & CFO of the Company.

**Registered Office:**

B-65 & 66, Jawahar Road No. 4,  
Udhyog Nagar, Udhana,  
Surat – 394210, Gujarat

Date: 06/08/2021

Place: Surat

By order of the Board Directors

**Aaron Industries Limited**

**Nitinkumar Maniya**

Company Secretary & Compliance officer

ACS No.: 51182

## DIRECTORS' REPORT

To,  
The Members,

Your Directors are pleased to present the 8<sup>th</sup> Annual Report of your Company together with the Audited Financial statements and Auditors' Report for the year ended on 31<sup>st</sup> March, 2021.

### 1. FINANCIAL HIGHLIGHTS & STATE OF AFFAIRS:

The financial performance of the Company for the financial year ended 31<sup>st</sup> March, 2021 is summarized below:

(₹ in Lakhs)		
Particulars	2020-21	2019-20
<b>Revenue from Operations</b>	<b>2492.44</b>	<b>2139.92</b>
Other Income	12.19	3.74
<b>Net Income</b>	<b>2504.63</b>	<b>2143.66</b>
Profit/(Loss) Before Tax & Exceptional/Extraordinary Items	245.62	196.19
Less: Exceptional/Extraordinary items	0.00	0.00
<b>Profit/(Loss) Before Tax</b>	<b>245.62</b>	<b>196.19</b>
Less: Tax Expense :		
- Current Tax	41.00	33.61
- Deferred Tax Charge/ (Credit)	11.92	28.18
<b>Net Profit/(Loss) After Tax</b>	<b>192.70</b>	<b>134.40</b>

The Net Income of your Company for the current year was increased to ₹ 2504.63 Lakhs as against ₹ 2143.66 Lakhs of the previous year. Accordingly, the Company's Net Profit after Tax has been increased to ₹ 192.70 Lakhs for the current year as against the Net Profit after Tax of ₹ 134.40 Lakhs of the previous year.

### 2. DIVIDEND:

The Board of Directors do not recommend any dividend for the financial year 2020-21.

### 3. TRANSFER OF UNCLAIMED DIVIDEND TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF):

In accordance with the provisions of Sections 124 and 125 of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules ("IEPF Rules"), dividends of a company which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund ("IEPF").

In terms of the foregoing provisions of the Act, there is no dividend which remains outstanding or remains to be paid & require to be transferred to the IEPF by the Company during the year ended 31<sup>st</sup> March 2021.

### 4. SHARE CAPITAL:

During the year under review, your Company's Authorised Share Capital has been increased from Rs. 6,00,00,000/- (Rupees Six Crore) divided into 60,00,000 (Sixty Lakh) equity shares of Rs. 10/- each to Rs. 11,00,00,000/- (Rupees Eleven Crore) divided into 1,10,00,000 (One Crore Ten Lakh) equity shares of Rs. 10/- each.



During the year under review, your Company's issued, subscribed & paid up Equity Share Capital has been increased from Rs. 5,26,11,140/- (Rupees Five Crore Twenty Six Lakh Eleven Thousand One Hundred and Forty) consisting of 52,61,114 (Fifty Two Lakh Sixty One Thousand One Hundred and Fourteen) equity shares of Rs. 10/- each to Rs. 10,04,39,390/- (Rupees Ten Crore Four Lakh Thirty Nine Thousand Three Hundred and Ninety) consisting of 100,43,939 (One Crore Forty Three Lakh Nine Hundred and Thirty Nine) equity shares of Rs. 10/- each by way of issue of Bonus shares in the proportion of 10:11.

## **5. TRANSFER TO RESERVES:**

The Company has not transferred any amount to the Reserves for the financial year ended 31<sup>st</sup> March 2021.

## **6. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Pursuant to Regulation 34(2) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Management Discussion and Analysis Report is presented in a separate section forming part of this Annual Report.

## **7. CORPORATE GOVERNANCE:**

Your Company has incorporated the appropriate standards for the Corporate Governance. During the year, the Company has migrated from SME platform (NSE Emerge) to the main board of National Stock Exchange (NSE) w.e.f. 6<sup>th</sup> November, 2020. Pursuant to Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the SME's are not required to mandatorily comply with the provisions of certain regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and as the Company was SME listed prior to the said date of migration to the main board of NSE, Company has not filed the Corporate Governance Report for the quarters ended prior to and on 30<sup>th</sup> June, 2020 and 30<sup>th</sup> September, 2020 to the Stock Exchange. However, the Company has complied with major requirements of Corporate Governance norms. Further, post Migration of the Company to the main board of NSE, Company has filed all the quarterly compliance reports on Corporate Governance within the due time line to the Stock Exchange, as specified in regulation 27(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and all other Corporate Governance norms mentioned under the said regulation dully complied by the Company.

Pursuant to Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, a report on Corporate Governance, forms an integral part of this Annual Report is given in **Annexure – 1**.

## **8. CERTIFICATE ON CORPORATE GOVERNANCE:**

A certificate received from a Practicing Company Secretary regarding compliance of conditions of Corporate Governance, as required under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached herewith in **Annexure – 2**.

## **9. CORPORATE SOCIAL RESPONSIBILITY (CSR):-**

The provisions of the CSR expenditure and Composition of Committee as provided in the Section 135 of the Companies Act, 2013 is not applicable to the Company.

## **10. MATERIAL CHANGES AND COMMITMENT – IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY FROM THE END OF THE FINANCIAL YEAR TILL THE DATE OF THIS REPORT:**

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

## **11. COVID-19 AND ITS IMPACT:**

Your Directors have been periodically reviewing with the Management, the impact of COVID-19 on the Company. The Covid-19 impact remains a serious concern for governments and businesses. The Company has implemented Standard Operating Procedures of social distancing, workplace sanitization and employee health monitoring, and these are being followed strictly across all its manufacturing locations and its registered office. Company has also taken various Initiatives focusing on safeguarding workforce health. Further Company is also taking effective steps to control cost in all quarters and assess how profitability, loans, revolving credit and cash flows can support ongoing operations in a low revenue environment.

## **12. RISK MANAGEMENT POLICY:-**

The Company has been exempt under regulation 21 of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 from reporting of risk management.

A well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process is in place. The board is fully aware of Risk Factor and is taking preventive measures wherever required.

## **13. VIGIL MECHANISM/WHISTLE BLOWER POLICY:-**

The Company has adopted a Whistle Blower Policy to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The Policy provides for adequate safeguards against victimization of employees, who avail of the mechanism and provides to employees' direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company have been denied access to the Audit Committee. The Whistle Blower Policy has been posted on the Website of the Company at <https://aaronindustries.net/wp-content/uploads/2020/10/Whistle-Blower-Policy-Vigil-Mechanism.pdf>.

## **14. INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:-**

The Company has in place a policy on prevention, prohibition and redressal of Sexual Harassment at workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee has been setup to redress the complaints received on the sexual harassment. All employees of the Company are covered under this policy.

The details of complaints received and disposed off during the financial year 2020-21 is as follows:

<b>S. No.</b>	<b>Particulars</b>	<b>Remarks</b>
1	Number of complaints filed during the financial year	Nil
2	Number of complaints disposed of during the financial year	Nil
3	Number of complaints pending as on end of the financial year	Nil

## **15. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:-**

All Related Party Transactions that were entered into during the Financial Year under review were on an arm's length basis and in the ordinary course of business and are in compliance with the applicable provisions of the Act and the Listing Regulations. There were no materially significant Related Party Transactions made by the Company during the year that required shareholders' approval under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All Related Party Transactions are placed before the Audit Committee for prior approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature or when the need for these transactions cannot be foreseen in advance.

Particulars of contracts or arrangements with Related Parties as required under Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure - 3** in Form AOC - 2 and forms part of this Report.

The Company has adopted a Policy for dealing with Related Party Transactions. The Policy as approved by the Board is available at the web link <https://aaronindustries.net/wp-content/uploads/2019/07/Related-Party-Transaction-Policy.pdf>.

## **16. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF THE ACT:**

The Company has not given any loan or provided any guarantee or made any investment under provision of Section 186 of the Companies Act, 2013.

## **17. THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE FINANCIAL YEAR:**

There is no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the financial year 2020-2021.

## **18. THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF DURING THE FINANCIAL YEAR:**

Not applicable during the financial year 2020-2021.

## **19. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:**

There were no significant or material orders passed by the Regulators or Courts or Tribunals during the financial year 2020-2021 impacting the going concern status and Company's operations in future.

## **20. EXTRACT OF ANNUAL RETURN:**

As required under Section 92(3) and 134(3)(a) of the Act and Rule 12 of the Companies (Management and Administration) Rules, 2014 (as amended), an extract of Annual Return in Form MGT-9 is available on the website of the Company at the web-link [www.aaronindustries.net](http://www.aaronindustries.net).

## 21. DEPOSITS:

During the year under review, your Company has neither invited nor accepted any Public Deposits within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014.

## 22. DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATES COMPANIES:-

As on 31<sup>st</sup> March, 2021, your Company does not have any Subsidiaries, Joint Ventures and Associates Company.

## 23. CHANGE IN THE NATURE OF BUSINESS:-

During the year under review, there has been no change in the Company's nature of business.

## 24. DIRECTORS:

The Board of the Company comprises of Six (6) directors; one Managing Director, one Whole-time Director, One Executive Director and remaining three (3) being Independent Directors. As on the date of this report, the Board of the Company constitutes of the following directors:

Name of Directors	Category & Designation
Mr. Amar Chinubhai Doshi	Executive Chairman & Managing Director
Mr. Karan Amar Doshi	Executive Whole-Time Director
Mr. Monish Amarbhai Doshi	Executive Director
Mr. Pradeepkumar Sanmukhlal Choksi	Non-Executive Independent Director
Mr. Hetal Mehta	Non-Executive Independent Director
Mrs. Shrungi Kiranbhai Desai	Non-Executive Independent Director

During the financial year 2020-2021 under review, Mr. Amar Doshi (DIN: 00856635), Chairman & Managing Director and Mr. Karan Doshi (DIN: 06690242) Whole Time Director of the Company, who were re-appointed as Managing Director and Whole Time Director respectively at the Board Meeting held on 16<sup>th</sup> January, 2021 for a period of three years w.e.f. 1<sup>st</sup> February, 2021 to 31<sup>st</sup> January, 2024, subject to approval of the members in the ensuing general meeting.

As per the provisions of the Companies act, 2013, Mr. Amar Doshi (DIN: 00856635), Managing Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

## 25. KEY MANAGERIAL PERSONNEL:

As per the provisions of the Section 2(51) and Section 203 of the Companies Act, 2013; the Key Managerial Personnel (KMP) of the Company are as follow:

Name of KMP	Designation
Mr. Amar Chinubhai Doshi	Managing Director
Mr. Karan Amar Doshi	Whole-Time Director
Mr. Monish Amarbhai Doshi	Director & CFO
Mr. Ankitkumar Tank*	Company Secretary
Mr. Nitinkumar Maniya#	Company Secretary

\* Resigned w.e.f. 16<sup>th</sup> January, 2021

# Appointed w.e.f. 16<sup>th</sup> January, 2021

## **26. INTERNAL FINANCIAL CONTROL:**

In terms of Section 134(5)(e) of the Act, the term Internal Financial Control means the policies and procedures adopted by a company for ensuring orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information.

Internal Control over Financial Reporting (ICFR) remains an important component to foster confidence in a company's financial reporting, and ultimately, streamlining the process to adopt best practices. Your Company through Internal Audit Program is regularly conducting test of effectiveness of various controls. The ineffective and unsatisfactory controls are reviewed and remedial actions are taken immediately. The internal audit plan is also aligned to the business objectives of the Company which is reviewed and approved by the Audit Committee. Further, the Audit Committee monitors the adequacy and effectiveness of your Company's internal control framework.

Adequate internal financial controls are in place which ensures the reliability of financial and operational information. The regulatory and statutory compliances are also ensured.

## **27. AUDITORS:**

### **a) STATUTORY AUDITOR:**

The members at the 6<sup>th</sup> Annual General Meeting of the Company had appointed M/s. P. J. Desai & Co., Chartered Accountants (FRN 102330W) as the Statutory Auditors of the Company to hold office from the conclusion of the said Annual General Meeting until the conclusion of 10<sup>th</sup> the Annual General Meeting to be held in the year 2023. The Ministry of Corporate Affairs vide its Notification dated 7<sup>th</sup> May, 2018, has dispensed with the requirement of ratification of Auditor's appointment by the shareholders, every year. Hence, the resolution relating to ratification of Auditor's appointment is not included in the Notice of the ensuing Annual General Meeting.

The Company has received a certificate from M/s. P. J. Desai & Co., confirming that they are not disqualified from continuing as Statutory Auditors of the Company.

The Auditor's Reports for the Financial Year 2020-21 do not contain any qualification, reservation, adverse remark or disclaimer. Notes to Accounts and Auditors remarks in their report are self-explanatory and do not call for any further comments. Pursuant to provisions of Section 143 (12) of the Companies Act, 2013, the Statutory Auditors have not reported any incident of fraud to the Audit Committee or Central Government during the year under review.

### **b) INTERNAL AUDITOR:**

M/s. VCAS & Co. Chartered Accountant, Surat, who are Internal Auditor have carried out Internal Audit for the financial year 2020-2021. Their reports were reviewed by the Audit Committee.

#### **c) COST AUDITOR:**

During the year, the maintenance the cost records as specified by the Central Government under subsection (1) of section 148 of the Companies Act, 2013, is not applicable to the Company.

#### **d) SECRETARIAL AUDITOR:**

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. Dhiren R. Dave, Company Secretary in Practice, to undertake the Secretarial Audit of the Company for the year ended 31<sup>st</sup> March, 2021. The Secretarial Audit Report issued in this regard is annexed as **Annexure - 4**.

The Auditors' Report and the Secretarial Audit Report for the Financial Year ended 31<sup>st</sup> March, 2021 do not contain any qualification or reservation or adverse remarks.

### **28. MEETINGS OF BOARD AND COMMITTEE:**

During the Financial Year 2020-21, the Board of Directors met eight (8) times and the details of the meetings of the Board and its Committees are given in the Corporate Governance Report (**Annexure-1**). The gap intervening between two meetings was within the time prescribed under the Act and LODR Regulations.

Details of attendance of meetings of the Board, its Committees and Annual General Meeting are included in the Report on Corporate Governance, which forms part of this Annual Report.

### **29. MEETING OF INDEPENDENT DIRECTORS:**

In terms of requirements under Schedule IV of the Companies Act, 2013 and Regulation 25 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors was held on 28<sup>th</sup> October, 2020 & 23<sup>rd</sup> March, 2021.

The Independent Directors at the meeting, inter alia, reviewed the following:-

- Performance of Non-Independent Directors and Board as a whole.
- Performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors.
- Assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### **30. DECLARATION FROM INDEPENDENT DIRECTORS:**

The Company has received necessary declaration from each Independent Directors under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) read with Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, confirming compliance with the criteria of independence as stipulated thereunder.

All Independent Directors of the Company have affirmed compliance with the Schedule IV of the Act and Company's Code of Conduct for Directors and Employees for the FY 2020-21.



The Independent Directors of the Company have registered themselves with the Indian Institute of Corporate Affairs ('IICA') towards the inclusion of their names in the data bank maintained with it. The online proficiency self-assessment test conduct by the said institute is yet to be passed by them.

### **31. NON EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURES:**

None of the Independent / Non- Executive Directors has any pecuniary relationship or transactions with the Company which in the Judgment of the Board may affect the independence of the Directors.

### **32. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS:**

The Company has adopted a familiarization programme for Independent Directors with an objective of making the Independent Directors of the Company accustomed with the business and operations of the Company through various structured orientation programmes. The familiarization programme also intends to update the Directors on a regular basis on any significant changes therein so as to be in a position to take well informed and timely decision.

The details of the Familiarization programme undertaken have been uploaded on the Company's website.

### **33. PERFORMANCE EVALUATION OF BOARD AND ITS COMMITTEES:**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Guidance Note on Board Evaluation issued by SEBI on 5<sup>th</sup> January, 2017, the Board has carried out annual performance evaluation of its own performance, the Directors individually as well as evaluation of the working of its Committees.

### **34. DIRECTOR'S APPOINTMENT AND REMUNERATION POLICY:**

Pursuant to provision of Section 178(3) of the Companies Act, 2013, the Company has, on the recommendation of the Nomination & Remuneration Committee framed and adopted a Policy for selection, appointment, cessation, remuneration and evaluation of Directors, Key Managerial Personnel and senior management personnel including criteria for determining qualifications, positive attributes and independence of Directors. The Nomination and Remuneration Policy of the Company is available on the website of the Company at web-link <https://aaronindustries.net/wp-content/uploads/2019/07/Nomination-Remuneration-policy.pdf>

### **35. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:**

The table containing the names and other particulars of ratio of Directors' Remuneration to Median Employees' Remuneration in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached to this report as **Annexure – 5** and forms part of this Report.

None of the employee has received remuneration in excess of the limits as prescribed under Section 197(12) of the Companies Act, 2013, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### **36. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The details of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as stipulated under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed as **Annexure - 6** and forms part of this Report.

### **37. DIRECTORS' RESPONSIBILITY STATEMENT:**

The Directors' Responsibility Statement referred to in Section 134(3)(c) of the Companies Act, 2013, shall state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had 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 at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **38. SECRETARIAL STANDARDS:**

The Company complies with all applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

### **39. CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION:**

As required under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a declaration by CFO was placed before the Board, certifying the accuracy of Financial Statements and the adequacy of internal controls system pertaining to Financial Reporting for the year ended 31<sup>st</sup> March, 2021 is attached herewith as per **Annexure - 7**.

### **40. DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT:**

The Board of Directors has formulated and adopted the code of Conduct for all Board Members and Senior Management Personnel of the Company. All the Board Members and Senior Management Personnel have affirmed compliance with the Code on annual basis. In this regard certificate from Managing Directors as required under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been received by the Board and the same is attached herewith as per **Annexure - 8**.

Code of Conduct for Board of Directors and Senior Management Personnel is available on the website of the Company at web link <https://aaronindustries.net/wp-content/uploads/2019/07/Code-of-Conduct-for-Board-Members-and-Senior-Management-Personnel.pdf>.

#### **41. REPORTING OF FRAUDS :**

During the year under review, neither the Statutory Auditor nor the Secretarial Auditor has reported to the Audit Committee and/or Board, any instances of fraud as required under Section 143(12) of the Act and the rules made thereunder.

#### **42. REGISTRAR AND SHARE TRANSFER AGENT:**

Your Company has appointed M/s. Bigshare Services Private Limited as its Registrar and Share Transfer Agent and executed post IPO agreement between Company and M/s. Bigshare Services Private Limited on 3<sup>rd</sup> September, 2018.

#### **43. INSURANCE:**

Your Company has taken the required insurance coverage for its assets against the possible risks like fire, flood, burglary etc.

#### **44. GREEN INITIATIVES:**

In commitment to keep in line with the Green Initiative and going beyond it to create new green initiatives, electronic copy of the Notice of 8<sup>th</sup> Annual General Meeting of the Company including the Annual Report for FY 2020-21 are being sent to all Members whose e-mail addresses are registered with the Company/Depository Participant(s). For members who have not registered their e-mail addresses, physical copies are sent through the permitted mode.

#### **45. CAUTIONARY STATEMENT:**

The Annual Report including those which relate to the Directors' Report, Management Discussion and Analysis Report may contain certain statements on the Company's intent expectations or forecasts that appear to be forward-looking within the meaning of applicable securities laws and regulations while actual outcomes may differ materially from what is expressed herein. The Company bears no obligations to update any such forward looking statement. Some of the factors that could affect the Company's performance could be the demand and supply for Company's product and services, changes in Government regulations, tax laws, forex volatility etc.

#### **46. APPRECIATION:**

The Directors take this opportunity to thank the private equity investors, bankers and the financial institutions for their co-operation and support to the operations and look forward for their continued support in future. The Directors also thank to all the customers, vendor partners, and other business associates for their continued support during the year. The Directors place on record their appreciation for the hard work put in by all employees of the Company.

For and on behalf of the Board

Date: 06/08/2021  
Place: Surat

**Amar Doshi**  
Chairman & Managing Director  
DIN: 00856635

## **CORPORATE GOVERNANCE REPORT**

### **[Pursuant to Part C of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

The Directors present the Company's Report on Corporate Governance for the financial year 2020-21. This report elucidates the systems and processes followed by the Company to ensure compliance of Corporate Governance requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") and the Companies Act, 2013 ("Act").

#### **1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

The Company's Philosophy on Corporate Governance aims at the attainment of the highest levels of transparency, accountability and responsibility in all operations and all interactions with its Shareholders, Investors, Lenders, Employees, Government and other stakeholders. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, consistently over a sustained period of time.

#### **2. BOARD OF DIRECTORS:**

##### **(a) Composition of the Board**

The Company has formulated Board Diversity policy to have a competent and highly professional team of Board members. The Board of Directors of the Company (Board) has optimum combination of Executive and Non-Executive Directors. There are six Directors on the Board of the Company having diverse experience and expertise in their respective areas. The composition of the Board meets the criteria as prescribed in SEBI (LODR) Regulations, 2015 and Companies Act, 2013.

As on 31<sup>st</sup> March 2021, the Board members consist of One (1) Executive Chairman and Managing Director who is Promoter of the Company, One (1) Executive Whole Time Director who is Promoter of the Company, One (1) Executive Director who is Promoter of the Company and Three (3) Non-Executive Independent Directors including One Non-Executive Women Independent Director.

None of the Directors on the Board is a member of more than 10 (ten) Committees or Chairperson of more than 5 (five) Committees across all listed entities in which he/she is a Director pursuant to Regulation 26 of Listing Regulations. Further, none of the Independent Directors on the Board is serving as an Independent Director in more than 7 (seven) listed companies. Necessary disclosures regarding Committee positions have been made by all the Directors.

The Board is of the opinion that Independent Directors fulfill conditions specified under the Listing Regulations and are independent of the management of the Company.

##### **Meetings and attendance**

During the financial year 2020-21, Eight (8) Board Meetings were held on 08<sup>th</sup> June, 2020, 30<sup>th</sup> June, 2020, 20<sup>th</sup> July, 2020, 24<sup>th</sup> August, 2020, 06<sup>th</sup> September, 2020, 28<sup>th</sup> October, 2020, 16<sup>th</sup> January, 2021, and 12<sup>th</sup> February, 2021. The composition of the Board, attendance at the Board Meetings during the year ended on 31<sup>st</sup> March 2021 and the last Annual General Meeting and also the number of other Directorships and Committee memberships are given below:

Name of the Directors and Designation	Category of Directorship	Date of Appointment	No. of Shares held in the Company as on 31.03.2021	No. of Board Meetings Attended	Attendance at last AGM	No. of Directorships* held in other Public Company(ies)	No. of Membership(s)/ Chairmanship(s) of Committees in other Company(ies)**	
							Member	Chairman
Mr.Amar Chinubhai Doshi, Chairman & Managing Director	Promoter, Executive Director	23/10/2013	26,52,252	8	Yes	NIL	NIL	NIL
Mr.Karan Amar Doshi, Whole Time Director	Promoter, Executive Director	23/10/2013	14,34,122	8	Yes	NIL	NIL	NIL
Mr.Monish Amarbhai Doshi, Director & CFO	Promoter, Executive Director	23/10/2013	13,96,654	8	Yes	NIL	NIL	NIL
Mr.Pradeepkumar Sanmukhlal Choksi, Independent Director	Non-Executive Independent Director	01/02/2018	NIL	8	Yes	NIL	NIL	NIL
Hetal Ramendrabhai Mehta, Independent Director	Non-Executive Independent Director	01/02/2018	NIL	8	Yes	1	2	1
Shrungi Kiranbhai Desai, Independent Director	Non-Executive Independent Director	01/02/2018	NIL	6	Yes	NIL	NIL	NIL

\*In accordance with the provisions of the SEBI LODR Regulations, 2015, directorships held in Private Limited have been excluded.

\*\*In accordance with the provisions of the SEBI LODR Regulations, 2015, memberships/ chairpersonships of only Audit Committee and Stakeholders' Relationship Committee in all public limited Companies have been considered.

The names of the listed entities in which Directors of the Company hold directorship and category thereof, as at 31<sup>st</sup> March 2021, are furnished below:

Name of the Director	Name of the listed entity in which Directorship held	Category of Directorship
Hetal Ramendrabhai Mehta	Meera Industries Limited	Non-Executive Independent Director

**(b) Disclosure of relationship between directors inter-se:**

Mr.Amar Doshi, Chairman and Managing Director, Mr.Karan Doshi, Whole Time Director and Mr.Monish Doshi, Director of the Company are related to each other.

No other Director is related to each other.

**(c) Shareholding of Non-Executive Directors:**

Details of shares held by the Non-Executive Directors of the Company are as under:



Name of the Non-executive director	No. of equity shares held in the Company	No. of convertible instruments held in the Company
Mr.Pradeepkumar Sanmukhlal Choksi	NIL	There is no convertible instrument issued by the Company.
Mr.Hetal Ramendrabhai Mehta		
Mrs.Shrungi Kiranbhai Desai		

**(d) Familiarisation programmes:**

All Independent Directors of the Company are familiarized with the various aspects of the Company like overview of Company's business model, strategy, operations and functions of the Company, roles, rights and responsibilities of the Independent Director, term of reference of different Committees of Board of Directors, duties of the Independent Director, statutory policies of the Company, off-site visit to plant and other important regulatory aspects as relevant for the directors. The Company, through its Company Secretary, Executive Directors as well as other Senior Managerial Personnel, conducts presentations/ programs to familiarize the Independent Directors with the strategy, operations and functions of the Company inclusive of important developments in business. The details of the number of programmes attended and the cumulative hours spent by an Independent Director are uploaded on the website of the company. The web link is as follow:

<https://aaronindustries.net/wp-content/uploads/2020/09/Familiarization-Programme.pdf>

**(e) Chart/Matrix Setting Out the Skills/Expertise/Competence of the Board of Directors:**

A chart/ matrix setting out the core skills/ expertise/ competencies identified by the Board of Directors in the context of the Company's businesses and sectors as required for it to function effectively and those actually available with the Board along with skills / expertise / competence, possessed by the Board members, are given as below:

Mapping of the skills / expertise / competence actually available with the Board along with the names of Directors, are given below:

Director	Industry Knowledge	Finance	Sales	Accounting	Import/Export	Regulatory	Diversity
Mr.Amar Chinubhai Doshi, Chairman & Managing Director	Yes	Yes	Yes	No	Yes	Yes	Yes
Mr.Karan Amar Doshi, Whole Time Director	Yes	Yes	Yes	No	Yes	Yes	Yes
Mr.Monish Amarbhai Doshi, Director & CFO	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr.Pradeepkumar Sanmukhlal Choksi, Independent Director	Yes	Yes	Yes	Yes	No	Yes	Yes
Mr.Hetal Ramendrabhai Mehta, Independent Director	Yes	Yes	No	Yes	Yes	Yes	Yes
Mrs.Shrungi Kiranbhai Desai, Independent Director	No	Yes	No	No	No	Yes	Yes

**(f) Independent Directors confirmation by the Board:**

The Company has received the declaration from all the Independent directors under provisions of section 149(7) of the Companies Act, 2013 ('the Act') and under provisions of regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; confirming that they are satisfying the criteria of independence as prescribed under the provisions of section 149(6) of the Act & Regulation 16(1)(b) of the aforesaid Regulations. The Board of Directors of the Company confirm that all the directors satisfy the criteria of Independence as prescribed under provisions of section 149(6) of the Companies Act, 2013 and under provisions of regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**(g) Independent Directors:**

Independent Directors play a pivotal role in maintaining a transparent working environment in the Company. They provide valuable outside perspective to the deliberations of the Board and contribute significantly to the decision making process. They help the Company in improving corporate credibility and governance standards. They bring an element of objectivity to the board processes and deliberations.

As per clause 7 of the schedule IV of the Companies Act (Code for Independent Directors) read with Regulation 25(3) of SEBI (LODR) Regulations, 2015, a separate meeting of Independent Directors of the Company without the attendance of Non-Independent Directors for the financial year 2020-21, was held on 28<sup>th</sup> October, 2020 and 23<sup>rd</sup> March, 2021.

The composition of and attendance at Committee of Independent Directors meeting are given below:

Name of the Member	No. of Meetings held	No. of Meetings attended
Mr.Pradeepkumar Sanmukhlal Choksi	2	2
Mr.Hetal Ramendrabhai Mehta	2	2
Mrs.Shrungi Kiranbhai Desai	2	2

During the year, no Independent Director resigned before the expiry of his/her tenure.

**3. Audit Committee:**

The role and terms of reference of the Audit Committee cover the areas mentioned under Regulation 18(3) of SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013, besides other terms as may be referred to by the Board of Directors from time to time.

During the financial year 2020-21, the Audit Committee met four times during the year i.e. 30<sup>th</sup> June, 2020, 28<sup>th</sup> October, 2020, 12<sup>th</sup> February, 2021 and 23<sup>rd</sup> March, 2021.

The composition of and attendance at Audit Committee meetings are given below:

Name of the Member	Category	No. of Meetings held	No. of Meetings attended
Mr.Pradeepkumar Sanmukhlal Choksi, Non-Executive Independent Director	Chairman & Member	4	4
Mr.Hetal Ramendrabhai Mehta, Non-Executive Independent Director	Member	4	4
Mrs.Shrungi Kiranbhai Desai, Non-Executive Independent Director	Member	4	4

The Company Secretary is also Secretary to the Audit Committee.

There has been no instance, where the Board has not accepted any recommendation of Audit Committee.

#### **4. Nomination and Remuneration Committee:**

The role and terms of reference of the Nomination and Remuneration Committee cover the areas mentioned under Regulation 19(4) of SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013 read with Rules framed thereunder.

During the financial year 2020-21, Nomination and Remuneration Committee met two times during the year i.e. 28<sup>th</sup> October, 2020 and 16<sup>th</sup> January, 2021.

The composition of and attendance at Nomination and Remuneration Committee meetings are given below:

<b>Name of the Member</b>	<b>Category</b>	<b>No. of Meetings held</b>	<b>No. of Meetings attended</b>
Mr.Pradeepkumar Sanmukhlal Choksi, Non-Executive Independent Director	Chairman & Member	2	2
Mr.Hetal Ramendrabhai Mehta, Non-Executive Independent Director	Member	2	2
Mrs.Shrungi Kiranbhai Desai, Non-Executive Independent Director	Member	2	2

The Company Secretary is also Secretary to the Nomination and Remuneration Committee.

#### **Performance evaluation criteria for Independent Directors:**

In terms of Section 178 of the Act and Regulation 19 read with Part D Schedule II of the SEBI (LODR) Regulations, 2015, the Nomination and Remuneration Committee has laid down the criteria for performance evaluation of the Board as a whole, its Committees and individual Directors. Based thereon, the evaluation was carried out by the Board.

The criteria for performance evaluation forms part of the Nomination and Remuneration Policy of the Company, which is placed on the Company's website at [www.aaronindustries.net](http://www.aaronindustries.net).

#### **5. Remuneration of Directors:**

##### Pecuniary Relationship of Non-Executive Directors

The Company has no pecuniary relationship or transaction with its Non-Executive and Independent Directors of the Company.

##### **(a) Non-Executive Directors:**

Presently the Company doesn't pay any sitting fees and/or commission to its Non-Executive Director.

##### Criteria of making payments to non-executive directors:

Criteria of making payments to non-executive directors are as per the Nomination and Remuneration Policy of the Company and the same is available at web link: <https://aaronindustries.net/wp-content/uploads/2020/10/file.pdf>.

**(b) Executive Directors:**

The three Executive Directors (Chairman and Managing Director, Whole-time Director and Director) are paid remuneration as decided by the Board of Directors on the recommendation of the Nomination and Remuneration Committee of the Board, with the approval of the Shareholders and other necessary approvals.

**(c) Details of remuneration paid to the Directors for the year ended 31<sup>st</sup> March 2021.**

Name	Category of Directorship	Remuneration / Sitting Fees (₹ In Lakhs)
Mr.Amar Chinubhai Doshi,	Executive Managing Director	25.30
Mr.Karan Amar Doshi,	Executive Whole Time Director	21.85
Mr.Monish Amarbhai Doshi,	Executive Director	NIL
Mr.Pradeepkumar Sanmukhlal Choksi,	Non-Executive Independent Director	NIL
Mr.Hetal Ramendrabhai Mehta,	Non-Executive Independent Director	NIL
Mrs.Shrungi Kiranbhai Desai,	Non-Executive Independent Director	NIL

**Stakeholders Relationship Committee:**

In compliance with Section 178(5) of the Companies Act, 2013 and Regulation 20 read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Committee has been formed to specifically focus on the services to shareholders/ investors.

During the financial year 2020-21, Stakeholders Relationship Committee met two times during the year i.e. 28<sup>th</sup> October, 2020 and 23<sup>rd</sup> March, 2021.

The composition of and attendance at Stakeholders Relationship Committee meetings are given below:

Name of the Member	Category	No. of Meetings held	No. of Meetings attended
Mrs.Shrungi Kiranbhai Desai, Non-Executive Independent Director	Chairperson & Member	2	2
Mr.Hetal Ramendrabhai Mehta, Non-Executive Independent Director	Member	2	2
Mr.Pradeepkumar Sanmukhlal Choksi, Non-Executive Independent Director	Member	2	2

**Name & Designation and address of the Compliance Officer**

CS Nitinkumar Maniya  
Aaron Industries Limited  
B-65 & 66, Jawahar Road No. 4, Udhog Nagar,  
Udhana, Surat-394210, Gujarat, India

Pursuant to the Regulation 13(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015; the details regarding investor's complaints are as follows:

**Status of Complaints pending, received, disposed and unresolved:**

Particulars	No. of Complaints
Number of Shareholders' Complaints Pending at the end of the year	NIL
Number of Shareholders' Complaints received during the year	0
Number of Shareholders' Complaints disposed during the year	0
Number of Shareholders' Complaints remain unresolved during the year	NIL

## 6. General Body Meetings:

### (a) Location and time, where last three AGMs were held:

The last three Annual General Meetings of the Company were held as under:

Year	Day, Date and Time of Meeting	Venue
2017-18	Monday, 28 <sup>th</sup> May, 2018 at 11:00 A.M.	B-65 & 66, Jawahar Road No. 4, Udhyog Nagar, Udhana, Surat-394210, Gujarat.
2018-19	Saturday, 24 <sup>th</sup> August, 2019 at 10:30 A.M.	B-65 & 66, Jawahar Road No. 4, Udhyog Nagar, Udhana, Surat-394210, Gujarat.
2019-20	Thursday, 20 <sup>th</sup> August, 2020 at 10:30 A.M.	B-65 & 66, Jawahar Road No. 4, Udhyog Nagar, Udhana, Surat-394210, Gujarat.

### (b) Whether any special resolutions passed in the previous three AGMs:

Date of AGM	Resolution	Ordinary/ Special	Favor		Against	
			Ballot	E-Voting	Ballot	E-Voting
28 <sup>th</sup> May, 2018	Adoption of Audited Financial Statements & Reports	Ordinary	All the resolutions were passed unanimously, no ballot or E-voting process has been done		All the resolutions were passed unanimously, no ballot or E-voting process has been done	
	Re-appointment of Mr.Amar Doshi (DIN:00856635) liable to retire by rotation	Ordinary				
	Ratification of Appointment of Statutory Auditor	Ordinary				
	Increase in Authorised Share Capital	Special				
	Issue of Bonus Shares	Special				
	Alteration of object clause of the Company	Special				
	Approve charges for service of documents provided to the shareholders	Special				
24 <sup>th</sup> August, 2019	Adoption of Annual Accounts, Auditor's Report and Director's Report	Ordinary	-	3933378	-	-
	Re-appointment of Mr.Karan Doshi (DIN:06690242), as a director, retire by rotation	Ordinary	-	3933378	-	-
	Appointment of M/s. P. J. Desai & Co., Chartered Accountants, as Statutory Auditors of the company	Ordinary	-	3933378	-	-
	Increase in the Authorized Share Capital of the Company and consequential alteration to Clause V of the Memorandum of Association of the Company.	Ordinary	-	3933378	-	-
	Issue of Bonus Shares.	Ordinary	-	3933378	-	-
20 <sup>th</sup> August, 2020	Adoption of Annual Accounts, Auditor's Report and Director's Report	Ordinary	754113	3448675	0	0
	Declaration of dividend of Rs. 0.60 per equity share of Rs.10/- each for the financial year 2019-20.	Ordinary	754113	3448675	0	0
	Re-appointment of Mr.Monish Doshi (DIN:06690246), as a director, retire by rotation	Ordinary	754113	3448675	0	0
	Increase in the Authorized Share Capital of the Company and consequential alteration to Clause V of the Memorandum of Association of the Company.	Ordinary	754113	3448675	0	0
	Issue of Bonus Shares.	Ordinary	754113	3448675	0	0

**(c) Whether any Special Resolution passed last year through postal ballot and details of voting pattern:**

During the year, two Special resolutions have been passed and approved through postal ballot process, the voting details of the same are as below:

Date of Passing Resolution	Special Resolution	Favor		Against	
		Ballot	E-Voting	Ballot	E-Voting
26 <sup>th</sup> August, 2020	Migration of Listing / trading of Equity Shares of the Company from NSE SME Platform i.e. Emerge to Main Board of NSE.	0	3455275	0	0
	Alteration of the object clause of the Memorandum of Association of the Company.	0	3455275	0	0

**(d) Person who conducted the postal ballot exercise:**

Aforementioned AGM and Postal Ballot have been scrutinized by the following person:

**CS Dhiren R. Dave**

Practicing Company Secretary

B-103, International Commerce Centre,

Near Kadiwala School, Ring Road, Surat-395002, Gujarat, India.

**Email:** drd@drdcs.net

**Tele:** 0261-2460903, 2475122

**(e) Whether any special resolution is proposed to be conducted through postal ballot – At present, there is no proposal to pass any special resolution through Postal Ballot.**

**(f) Procedure for postal ballot:**

The Board of Directors of the Company in its meeting held on 26<sup>th</sup> August, 2020 have decided to obtain the consent of the members by way of Postal Ballot for the following special businesses:

- I. Migration of Listing/ trading of Equity Shares of the Company from NSE SME Platform i.e. Emerge to Main Board of NSE. (Special Resolution)
- II. Alteration of the object clause of the Memorandum of Association of the Company. (Special Resolution)

The Board of Directors in its meeting held on 28<sup>th</sup> August, 2020 have appointed Mr. Dhiren R. Dave, Practicing Company Secretary as the Scrutinizer, to conduct the Postal Ballot procedure in fair and transparent manner for the items sited out in the notice of Postal Ballot.

The Company had appointed Central Depository Services (India) Limited (“CDSL”) as a service provider for the purpose of providing remote e-voting facilities to the members of the Company.



The Company has sent Postal Ballot Notice electronically (by e-mail to those members who have registered their e-mail IDs with the Company) to those Shareholders whose names appear in the Register of Members / Record of Depositories as on cut-off date i.e. Friday, 17<sup>th</sup> July, 2020 (“Eligible Members”).

The Notice of the Postal Ballot along with details of e-voting was published in the “Financial Express” English edition and “Financial Express” Gujarati edition (Vernacular Language), Ahmedabad on 28<sup>th</sup> July, 2020 as per the requirement of the Companies Act, 2013.

The record of assent (FOR) or dissent (AGAINST) through the remote e-voting process between Tuesday, 28<sup>th</sup> July, 2020 at 9:00 a.m. to Wednesday, 26<sup>th</sup> August, 2020 up to 5:00 P.M., have been considered by the Scrutinizer for scrutiny purpose.

The Scrutinizer has submitted his report on 27<sup>th</sup> August, 2020 and the same has been authorized by the Chairman of the Company on 27<sup>th</sup> August, 2020.

## 7. Means of Communication:

**(a) Financial Results:** Aaron Industries Limited believes to publish all the financial information to the stakeholders within the stipulations provided under the law. During the year, Company has declared all financial results within the timeline provided under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The quarter, half year and year ended financial results of the Company are published and submitted on the NEAPS portal of National Stock Exchange as well as on the website of the Company i.e. on [www.aaronindustries.net](http://www.aaronindustries.net). All results have been submitted to the stock exchange within 30 minutes from the conclusion of Board Meeting in which financial results have been approved. During the year, following financial results have been submitted on NEAPS portal of NSE. The same can be accessed from the website of the stock exchange at [www.nseindia.com](http://www.nseindia.com)

Period of Financial Results	Date
Unaudited Financial Results for the quarter and half year ended 30 <sup>th</sup> September, 2020	28 <sup>th</sup> October, 2020
Unaudited Financial Results for the quarter and nine month ended 31 <sup>st</sup> December, 2020	12 <sup>th</sup> February, 2021
Audited Financial Results for the quarter and year ended 31 <sup>st</sup> March, 2021	29 <sup>th</sup> May, 2021

During the year, Company has migrated from the SME platform (NSE EMERGE) to the main board of National Stock Exchange (NSE) w.e.f. 6<sup>th</sup> November, 2020. Prior to this as the Company was listed on NSE EMERGE platform of the NSE, Company need not to publish financial results on quarterly basis; accordingly no financial results for the quarter ended 30<sup>th</sup> June, 2020 and 30<sup>th</sup> September, 2020 has been declared and published by the Company.

After publication of financial results on the website of the Stock Exchange as well as on the website of the Company; simultaneously the same have been published in the newspapers as per the stipulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Generally the Company published results in the Financial Express (English) and Financial Express (Gujarati).

Moreover, the notices of Board meetings for consideration of financial results have also been published in the newspaper as per the regulations aforementioned from time to time.

**(b) Annual Report:** Soft copy of the Annual Report for the FY 2019-20 containing Notice of 7<sup>th</sup> Annual General Meeting, Audited Financial Statements, Director's Report and Management Discussion and Analysis Report was sent by email to the shareholders who have registered their email IDs with the Company/ RTA/ Depository Participants. The Annual Report for the FY 2019-20 had also uploaded on the NEAPS portal of NSE and the same can be accessed from the website of NSE at [www.nseindia.com](http://www.nseindia.com) as well as on the website of the Company [www.aaronindustries.net](http://www.aaronindustries.net).

**(c) Communication to Shareholders:** Communication like Annual Report, Notices, Dividend payment advice, etc, are being sent to the shareholders through email to the shareholders who have registered their email IDs with the Company and by speed post/ courier to the shareholders who have not registered their email IDs with the Company.

Company has begun the initiative of save tress and reduces paper consumption; henceforth Company is sending all shareholders communication through email. Those shareholders who have not registered their email ids are requested to register their email ids with the Company or to their respective depositories.

**(d) Website:** Company's official website [www.aaronindustries.net](http://www.aaronindustries.net) contains separate tab "Investor Relations" for investors, in which notices of the Board Meetings and outcomes of the same, Financial Results, Corporate Governance Reports, Annual Reports, Shareholding Patterns, various policies of the Company, announcements and other shareholders information's are displayed in due course of time for the shareholders information.

**(e) Email IDs for investors:** The Company has formulated separate email id [info1@aaronindustries.net](mailto:info1@aaronindustries.net) for investor service, investor can also contact share Registrar and Transfer Agent (RTA) of the Company on their email id [investor@bigshareonline.com](mailto:investor@bigshareonline.com) and the same is available on website of the Company at [www.aaronindustries.net](http://www.aaronindustries.net).

**(f) SEBI SCORES:** For investor grievance redressal, SEBI has developed SCORES platform in which investor can lodged grievance against the Company for any grievance. The Company also uploads the action taken report in the SCORES platform for redressal of investor complaint. During the year, the Company has not received any investor complaint under the SCORES platform.

**(g) NEAPS portal:** For submitting all listing compliances, National Stock Exchange has developed NEAPS portal in which all corporate can file their listing compliances. During the year, the Company has filed all the listing compliances on NEAPS portal of NSE and after submitting, the same are also available on official website of NSE at [www.nseindia.com](http://www.nseindia.com).

## 8. General Shareholder Information:

<b>(a) Date, Time and Venue of the Annual General Meeting</b>	Friday, 17 <sup>th</sup> September, 2021 at 11.00 A.M. IST through Video Conferencing (VC) / Other Audio Visual Means (OAVM)
<b>(b) Financial year 1<sup>st</sup> April to 31<sup>st</sup> March</b>	Will be published on or before (tentative and subject to change):
Result for Quarter ending 30 <sup>th</sup> June, 2021	On or before 14 <sup>th</sup> August, 2021
Result for Quarter ending 30 <sup>th</sup> September, 2021	On or before 14 <sup>th</sup> November, 2021
Result for Quarter ending 31 <sup>st</sup> December, 2021	On or before 14 <sup>th</sup> February, 2022
Result for Quarter ending 31 <sup>st</sup> March 2022	On or before 30 <sup>th</sup> May, 2022
<b>(c) Dividend payment date</b>	No Dividend declared for the year

- (d) **The name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange:**

National Stock Exchange of India Limited,  
Exchange Plaza, C-1, Block G, Bandra Kurla Complex,  
Bandra (E) Mumbai – 400051

The Company has paid Listing Fees for the Financial Year 2021-22 to the National Stock Exchange of India Limited, where the equity shares of the Company are listed.

- (e) **Stock Code:** AARON, **ISIN:** INE721Z01010

- (f) **Market Price Data: High and Low during each month in the Financial Year 2020-21:**

Month	High Price (in Rs.)	Low Price (in Rs.)	No. of Shares Traded
April, 2020	40.30	40.15	19,800
May, 2020	40.70	40.15	16,500
June, 2020	43.60	41.20	66,000
July, 2020	46.90	43.10	1,88,100
August, 2020	58.00	44.45	1,58,400
September, 2020	57.00	27.50	2,75,100
October, 2020	29.25	27.25	1,44,900
1 <sup>st</sup> November, 2020 to 5 <sup>th</sup> November, 2020	29.15	27.25	31,500
6 <sup>th</sup> November, 2020 to 30 <sup>th</sup> November, 2020	67.95	28.00	4,50,815
December, 2020	58.50	47.10	3,06,979
January, 2021	56.70	45.05	91,353
February, 2021	63.90	46.55	2,03,604
March, 2021	66.95	54.10	72,121

**Notes:**

- During the year, Company has issued bonus shares in the ratio of 10:11 (i.e. Ten (10) bonus equity shares for every eleven (11) equity shares held) on the record date 4<sup>th</sup> September, 2020, the said equity shares have been admitted for trading on the stock exchange w.e.f. 15<sup>th</sup> September, 2020; on account of this bonus issue, share price of the Company has got adjusted accordingly.
- The Company has been migrated from SME Platform (NSE EMERGE) to the main board of National Stock Exchange w.e.f. 6<sup>th</sup> November, 2020.

- (g) **Performance of the Company's equity shares (closing share price) in comparison to CNX Nifty during the Financial Year 2020-21:**

Month	NSE Closing Price (in ₹)	Closing CNX Nifty
April, 2020	40.20	9859.90
May, 2020	40.70	9580.30
June, 2020	43.00	10302.10
July, 2020	43.35	11073.45
August, 2020	57.25	11387.50
September, 2020	30.40	11247.55
October, 2020	27.25	11642.40
November, 2020	61.55	12968.95
December, 2020	50.60	13981.75
January, 2021	49.10	13634.60
February, 2021	60.60	14529.15
March, 2021	57.20	14690.70

(h) There was no suspension from trading in equity shares of the Company during the year 2020-2021.

**(i) Registrar and Share Transfer Agent:**

The Company has appointed Bigshare Services Private Limited as Registrar and Share Transfer Agent (RTA). Shareholders / Investors / Depository Participants are requested to send all their documents and communications pertaining to both physical and demat shares to the RTA at the following address:

**Bigshare Services Private Limited**

Category I Registrar to Registrar & Share Transfer Agents

1<sup>st</sup> Floor, Bharat Tin Works Building,

Opp. Vasant Oasis, Makwana Road,

Marol, Andheri East, Mumbai-400059, Maharashtra.

Tel.: (91)22-62638200

Fax.: (91)22-62638299

Email: [info@bigshareonline.com](mailto:info@bigshareonline.com)

Website: [www.bigshareonline.com](http://www.bigshareonline.com)

**(j) Share transfer system:**

In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities of listed Companies can only be transferred in dematerialized form with effect from 1<sup>st</sup> April, 2019. In view of the same, the entire Share Capital of the Company is in dematerialised form. The shares can be transferred by shareholders through their Depository Participants.

**(k) Distribution of shareholding as on 31<sup>st</sup> March, 2021:**

No of Equity Shares		No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1	500	602	72.88	40,873	0.41
501	1000	39	4.72	28,368	0.28
1001	2000	12	1.45	17,292	0.17
2001	3000	10	1.21	25,574	0.25
3001	4000	8	0.97	28,475	0.28
4001	5000	5	0.61	22,900	0.23
5001	10000	86	10.41	5,42,210	5.40
10000	10043939	64	7.75	93,38,247	92.97
<b>Total</b>		<b>826</b>	<b>100.00</b>	<b>1,00,43,939</b>	<b>100.00</b>

**Category-wise Shareholders as on 31<sup>st</sup> March, 2021:**

Category of Shareholders	Total Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Promoters & Promoters Group	11	1.34	7530245	74.97
Clearing Member	13	1.57	10199	0.10
Corporate Bodies	3	0.36	204701	2.04
Non Resident Indian	5	0.61	605	0.01
Public	794	96.13	2298189	22.88
<b>Total</b>	<b>826</b>	<b>100.00</b>	<b>10043939</b>	<b>100.00</b>

**(l) Dematerialization of shares and liquidity:**

As on 31<sup>st</sup> March, 2021, 100.00% of the Company's Equity Shares have been dematerialized.

**(m) Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity shares as on 31<sup>st</sup> March, 2021: Nil**

**(n) Commodity Price Risk or Foreign Exchange Risk and Hedging Activities: Nil**

**(o) Plant Locations:**

**Unit-1 :** B-65 & 66, Jawahar Road No.4, Udhog Nagar, Udhana, Surat-394210, Gujarat.

**Unit-2 :** Block No.251-B, Royal Industrial Park, Vill-Moti Pardi, Ta.-Mangrol, Surat-394210, Gujarat.

**(p) Address for correspondence:**

<b>Registrar &amp; Transfer Agent</b> <b>M/s. Bigshare Services Private Limited</b> 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai-400059, Maharashtra. Tel.: (91)22-62638200 Fax.: (91)22-62638299 Email: info@bigshareonline.com Website: www.bigshareonline.com	<b>Registered Office:</b> B-65 & 66, Jawahar Road No.4, Udhog Nagar, Udhana, Surat-394210, Gujarat. Phone: 0261-2278410 E-mail: <a href="mailto:info1@aaronindustries.net">info1@aaronindustries.net</a> Website: www.aaronindustries.net
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**9. Other Disclosures:**

(a) All transactions entered into by the Company with related parties as defined under the Act and the Listing Regulations, during the Financial Year 2020-21 were in the ordinary course of business and on arm's length pricing basis. There were no materially significant transactions with the related parties during the financial year which were in conflict with the interest of Company. Necessary disclosures as required under the Accounting Standards have been made in the Financial Statements. The Board has approved a policy on materiality of related party transactions and on dealing with related party transactions and the same is disclosed on the website of the Company at the link <https://aaronindustries.net/wp-content/uploads/2019/07/Related-Party-Transaction-Policy.pdf>.

(b) No penalty or strictures have been imposed on the Company by Securities and Exchange Board of India or any Statutory Authority except Stock Exchange on any matter related to capital markets during the last three years:

National Stock Exchange of India Limited (NSE) has, vide its email/letter No. NSE/LIST-SOP/REG-34/FINES/0814 dated 8<sup>th</sup> January, 2021 has imposed a fine of Rs. 30,680/- (including GST @18%) on the Company for non-compliance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding delay in submission of Annual report for the Financial Year 2019-20 to the Stock Exchange.

In this connection, the Company had requested for waiver of fine to NSE on 22<sup>nd</sup> January, 2021 clarifying that it was inadvertently errors of uploading/attaching the wrong file and the matter was placed before the Relevant Authority of the Exchange and our request for waiver of fine was considered favorably as per letter received from NSE vide ref. No. NSE/LIST/SOP/AARON dated 20<sup>th</sup> July, 2021.

- (c) The Company has adopted a Whistle Blower Policy and has established necessary Vigil Mechanism as required under Regulation 22 of the Listing Regulations for Directors and employees to report concerns about any unethical behavior. No person has been denied access to the Chairman of the Audit Committee. The said policy has also been disclosed on the website of the Company at the web link <https://aaronindustries.net/wp-content/uploads/2020/10/Whistle-Blower-Policy-Vigil-Mechanism.pdf>.
- (d) The Company has complied with all the mandatory requirements of Corporate Governance and endeavours to adopt the good corporate governance practices which help in adoption of non-mandatory requirements.
- (e) The Company does not have any material subsidiary.
- (f) The policy of the Company relating to Related Party Transaction is available at the Company's website at the web link: <https://aaronindustries.net/wp-content/uploads/2019/07/Related-Party-Transaction-Policy.pdf>.
- (g) The Company does not have any significant exposure to commodity price risk. Hence, the Company is not undertaking any commodity hedging activities.
- (h) The Company has not raised any funds through preferential allotment or qualified institutional placement as specified under Regulation 32(7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (i) A certificate from a Company Secretary in Practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority has been obtained and is attached to this report in **Annexure-9**.
- (j) During the year under review, the recommendations made by the different Committees have been accepted and there were no instances where the Board of Directors had not accepted any recommendation of the Committees.
- (k) The Company has paid a sum of ₹ 1.79 Lakhs as fees on consolidated basis to the Statutory auditors and all entities in the network firm / entity of which the Statutory auditors is a part for the services rendered by them.
- (l) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

During the year, No complaints has been received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

10. All the requirements of Corporate Governance Report of sub paragraphs (2) to (10) Para C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been duly complied with.



**11. Adoption of discretionary requirements specified in Part E of Schedule II of the Listing Regulations:**

**The Board**

The Company does not have a Non-Executive Chairman.

**Shareholder Rights**

Quarterly, half yearly and yearly declaration of financial performance is uploaded on the website of the company at [www.aaronindustries.net](http://www.aaronindustries.net) as soon as it is intimated to the stock exchange.

**Modified opinion(s) in audit report**

Standard practices and procedures are followed to ensure unmodified financial statements.

**Reporting of Internal Auditor**

The Internal Auditor M/s VCAS & Co., Chartered Accountants, have reported directly to the Audit Committee of the Company.

**12. The disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-Regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

During the year, the Company has migrated from SME platform (NSE EMERGE) to the main board of the National Stock Exchange ('NSE') w.e.f. 6<sup>th</sup> November, 2020. Pursuant to Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the SME's are not required to mandatorily comply with the provisions as specified in regulations 17,17A, 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 27 and clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and Para C, D and E of schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Since the Company was SME listed prior to the said migration; there was no mandatory requirement for the Company to comply with the aforementioned regulations. However, in view of better Corporate Governance point of view, Company has complied with major provisions of the aforementioned regulations. Further, post migration of the Company to the main board of the NSE, Company has complied with all the Corporate Governance requirements (as far as were applicable to the Company) as specified in the aforementioned regulations.

**For and on behalf of the Board**

Date: 06/08/2021  
Place: Surat

**Amar Doshi**  
Chairman & Managing Director  
DIN: 00856635

**PRACTICING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE**

**To,  
The Members of  
Aaron Industries Limited,**

I have examined the compliance of conditions of Corporate Governance by Aaron Industries Limited ('the Company') for the year ended 31<sup>st</sup> March, 2021, as per regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the Company's management. My examinations were limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievances Committee.

I further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Date: 06.08.2021  
Place: SURAT**

**DHIREN R. DAVE  
COMPANY SECRETARY  
M. No. 4889  
C.P. No. 2496  
UDIN: F004889C000748819**

**Form No. AOC - 2**

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

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

1. Details of contracts or arrangements or transactions not at arm's length basis: Not Applicable
2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements / transactions	Duration of the contracts/ arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any:
1	Moti Industries (Managing Director is Partner)	Leasing of Property	Continuous	0.10 Lakh Per Month	01/02/2020	Nil
2	Chinubhai Doshi (Director's Relative)	Availing services	Current year	7.00 Lakh Per Year	08/06/2020	Nil
3	Radhika Doshi (Director's Relative)	Salary	N.A.	0.40 Lakh Per Month	28/10/2020	Nil
4	Toral Doshi (Director's Relative)	Salary	N.A.	0.30 Lakh Per Month	28/10/2020	Nil
5	Monish Doshi (Director's Relative)	Salary	N.A.	0.30 Lakh Per Month	28/10/2020	Nil

For and on behalf of the Board

Sd/-

**Amar Doshi**

Chairman & Managing Director

DIN: 00856635

Date: 06/08/2021

Place: Surat

**Secretarial Audit Report**  
**For the financial year ended March 31, 2020**  
**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies**  
**(Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,  
The Members  
**M/s AARON INDUSTRIES LIMITED**  
B-65 & 66, Jawahar Road No. 4, Udhog Nagar,  
Udhana, Surat-394210, Gujarat, India

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

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and 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 **31.03.2021**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on **31.03.2021** according to the provisions of:
  - (i) The Companies Act, 2013 (**the Act**) and the Rules made there under;
  - (ii) The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the Rules made there under;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
  - (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - Not Applicable for the year under review;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**) to the extent applicable to the Company :-
    - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 notified with effect from May 15, 2015;
    - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, Now, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018;
    - d. The Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - Not Applicable for the year under review;
    - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 – Not Applicable for the year under review;
    - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – Not Applicable for the year under review;
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – Not Applicable for the year under review;
- i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 notified with effect from December 1, 2015.

- (vi) The Factories Act, 1948
- (vii) Industrial Disputes Act, 1947
- (viii) The Payment of Wages Act, 1936
- (ix) The Minimum Wages Act, 1948
- (x) Employees' State Insurance Act, 1948
- (xi) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
- (xii) The Payment of Bonus Act, 1965
- (xiii) The Payment of Gratuity Act, 1972
- (xiv) The Maternity Benefit Act, 1961
- (xv) The Child Labour (Prohibition and Regulation) Act, 1986
- (xvi) The Employees' Compensation Act, 1923
- (xvii) Equal Remuneration Act, 1976
- (xviii) And all other laws applicable to the company not mentioned hereinabove.

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India.
2. Listing Agreement with NSE.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements etc. mentioned above:

2. I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

3. I further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
4. I further report that during the audit period the Company has not taken any actions or enter into events having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

This report is to be read with our letter dated 6<sup>th</sup> August, 2021 which is annexed and forms an integral part of this report.

**Date: 06.08.2021**  
**Place: SURAT**

**DHIREN R DAVE**  
**COMPANY SECRETARY**  
**M. No. 4889**  
**C.P. No. 2496**  
**UDIN: F004889C000748698**



To,  
The Members  
**M/s AARON INDUSTRIES LIMITED**  
B-65 & 66, Jawahar Road No- 4, Udhog Nagar,  
Udhana, Surat-394210, Gujarat, India

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these Secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of 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.

**Date: 06.08.2021**  
**Place: SURAT**

**DHIREN R DAVE**  
**COMPANY SECRETARY**  
**M. No. 4889**  
**C.P. No. 2496**  
**UDIN: F004889C000748698**

**PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

*[Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) 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 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary, in the financial year:

Sr. No	Name	Designation	Ratio to median Remuneration*	Increase in the Remuneration (%)
1	Amar Doshi	Chairman & Managing Director	15.61	0.00
2	Karan Doshi	Whole-time Director	13.48	0.00
3	Monish Doshi	Director & CFO	13.48	0.00
4	Pradeepkumar Choksi	Independent Director	0.00	0.00
5	Hetal Mehta	Independent Director	0.00	0.00
6	Shrungi Desai	Independent Director	0.00	0.00
7	Ankitkumar Tank @	Company Secretary	2.27	10.34
8	Nitinkumar Maniya #	Company Secretary	2.27	N.A. ^

**Note:** \*The median is calculated on gross annual salary on the basis of salary of March-2021 of the employee.

@Resigned w.e.f. 16<sup>th</sup> January, 2021

# Appointed w.e.f. 16<sup>th</sup> January, 2021

^ Mr. Nitinkumar Maniya has been appointed in the financial year 2020-21; hence there is no previous financial year amount to compare the % increase in remuneration.

- (ii) The Percentage increase in the median remuneration of employees in the financial year 2020-21 is 6.36.
- (iii) The number of permanent employees on the rolls of Company at the end of the financial year 2020-21 is 106.
- (iv) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
- Average increase in remuneration of employees excluding KMPs: 10.00%.
  - Average increase in remuneration of KMPs: 2.59%

The increments given to employees are based on their potential, performance and contribution, which is benchmarked against applicable Industry norms.

(v) Affirmation that the remuneration is as per the remuneration policy of the Company:

It is hereby affirmed that the remuneration paid is as per the remuneration policy applicable for Directors, Key Managerial Personnel and other employees, adopted by the Company.

For and on behalf of the Board

Date: 06/08/2021  
Place: Surat

**Amar Doshi**  
Chairman & Managing Director  
DIN: 00856635

**Details on conservation of energy, technology absorption,  
Foreign exchange earnings and outgo**

(Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014)

**A. Conservation of Energy:**

The Company continues its efforts to reduce and optimise the use of energy consumption at its manufacturing facilities by installing hi-tech energy monitoring and conservation systems to monitor usage, minimise wastage and increase overall efficiency at every stage of power consumption.

**i) The energy conservation measures taken are given as under:**

The Company has installed LED lamps instead of CFL bulbs at manufacturing area and open area of plant situated at Kosamba, Mangrol, Surat-394120, Gujarat which will help to reduce electricity consumption.

The installation of Solar rooftop system at Unit-2 of the Company located at Vill. Moti Pardi, Ta. Mangrol, Surat-394120, Gujarat is work in process. The Company is planning to install 150 KW solar rooftop systems at aforesaid plant.

**ii) Capital investment on energy conservation equipment:**

During the year under review, the Company has invested around ₹ 50 lakh towards installation of Solar rooftop system for energy conservation at Unit-2 of the Company located at Vill. Moti Pardi, Ta. Mangrol, Surat-394120, Gujarat.

**B. Technology Absorption:**

- i) Efforts made towards technology absorption: The Company has successfully absorbed the technology.
- ii) Benefits derived as a result of technology absorption: The Company installed imported machinery to improve the production process and that will help us in product development and cost reduction. The Company will get higher productivity and improved quality by using latest technology.
- iii) Technology imported (imported during the last three years from the beginning of the financial year):

Details of technology imported	Year of import	Whether the technology been fully absorbed
Bending Mould	2020-21	Yes
Sand Blasting Machine	2020-21	Yes
Fiber Laser Cutting Machinery-XT Laser	2020-21	Yes
Sheet Lifter	2019-20	Yes
Cut to length	2019-20	Yes
Polishing Machines & Finishing Stone	2018-19	Yes
Fiber Laser & CNC Router Machine	2018-19	Yes

- iv) **The expenditure incurred on Research and Development:** The Company has not incurred any expenditure on Research and Development.

**C. Foreign Exchange Earning and Outgo:**

**i) The Foreign Exchange earning in terms of actual inflows:**

Export of goods calculated on FOB basis during the financial year 2020-21 was ₹ 0.09 lakh.

**ii) The Foreign Exchange outgo during the year in terms of actual outflows:**

Foreign Exchange outgo during the financial year 2020-21 was ₹ 138.46 lakhs.

For and on behalf of the Board

Date: 06/08/2021  
Place: Surat

**Amar Doshi**  
Chairman & Managing Director  
DIN: 00856635

**CFO CERTIFICATION**

(Pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year ended 31<sup>st</sup> March, 2021)

To,  
The Board of Directors of  
**Aaron Industries Limited**

In accordance with Regulation 17(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we certify that:

1. We have reviewed the financial statements and the cash flow statement of Aaron Industries Limited for the year ended 31<sup>st</sup> March, 2021 and that to the best of our knowledge and belief:
  - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31<sup>st</sup> March, 2021 which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit Committee that:
  - a. There are no significant changes in internal control over financial reporting during the financial year 2020-21;
  - b. The Company has adopted IND AS apart from that there are no significant changes in accounting policies during the financial year 2020-21; and
  - c. There are no instances of significant fraud of which we have become aware.

For and on behalf of the Board

Date: 29/05/2021  
Place: Surat

**Monish Doshi**  
Director & Chief Financial Officer

**DECLARATION BY THE MANAGING DIRECTOR ON CODE OF CONDUCT AS REQUIRED BY SCHEDULE V OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.**

I, Amar Doshi, Managing Director of the Company, hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with Code of Conduct, as applicable to them, in respect of the Financial Year 2020-21.

For and on behalf of the Board

Date: 29/05/2021  
Place: Surat

**Amar Doshi**  
Chairman & Managing Director  
DIN: 00856635



**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V - Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members,  
**Aaron Industries Limited,**  
B-65 & 66, Jawahar Road No. 4,  
Udhyog Nagar, Udhana, Surat - 394210

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of AARON INDUSTRIES LIMITED having CIN L31908GJ2013PLC077306 and having its registered office at B-65 & 66, Jawahar Road No. 4, Udhyog Nagar, Udhana, Surat – 394210, Gujarat (hereinafter referred to as ‘the Company’), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V- Para C Sub-clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31<sup>st</sup> March 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in the Company
1	Amar Chinubhai Doshi	00856635	23/10/2013
2	Karan Amar Doshi	06690242	23/10/2013
3	Monish Amarbhai Doshi	06690246	23/10/2013
4	Hetal Mehta	03370244	01/02/2018
5	Pradeepkumar Sanmukhlal Choksi	02709943	01/02/2018
6	Shrungi Kiranbhai Desai	08063562	01/02/2018

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**DHIREN R. DAVE**  
**COMPANY SECRETARY**

**M. No. 4889**

**C.P. No. 2496**

**UDIN: F004889C000748731**

**Date: 06.08.2021**

**Place: SURAT**

**PALLAV J.DESAI**  
**B. Com., F.C.A., D.I.S.A (ICAI)**

**P. J. DESAI & CO**  
**CHARTERED ACCOUNTANTS**  
**34, Third Floor, Maher Park-A,**  
**Ring Road, AthwaGate, Surat – 1**  
**PH: (O) 92282 75145 (M) 94284-57082**  
**PH: (O) 2477082**

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## **INDEPENDENT AUDITOR’S REPORT**

**To the Members of Aaron Industries Limited**

### **Report on the audit of the Standalone Ind AS financial statements**

We have audited the accompanying standalone Ind AS financial statements of Aaron Industries Limited (“the Company”), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

### **Basis for opinion**

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the ‘Auditor’s Responsibilities for the Audit of the Standalone Ind AS Financial Statements’ section of our report. We are independent of the Company in accordance with the ‘Code of Ethics’ issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### **Key Audit Matters**

Key audit matters (‘KAM’) 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

## Description of Key Audit Matters

The key audit matters	How the matter was addressed in our audit
<p>The Company has adopted Ind AS from 1<sup>st</sup> April 2020 with an effective date of 1<sup>st</sup> April 2019 for such transition. For periods up to and including the year ended 31<sup>st</sup> March 2020, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). To give effect of the transition to Ind AS, financial statements for the year ended 31<sup>st</sup> March 2021, together with the comparative financial information for the previous year ended 31<sup>st</sup> March 2020 and the transition date Balance Sheet as at 1<sup>st</sup> April 2019 have been prepared under Ind AS.</p>	<ul style="list-style-type: none"> <li>• Lead the Ind AS impact assessment performed by the Management and the resultant changes made to the accounting policies considering the requirements of the new framework.</li> <li>• Evaluated the exemptions and exceptions allowed by Ind AS and applied by the Management in applying the first-time adoption principles of Ind AS 101 in respect of Property, Plant and Equipment, Intangible assets, fair valuation of assets and liabilities existing as at transition date.</li> </ul>
<p>The transition has involved significant change in the Company's accounting policies and processes for financial reporting, including generation of required information and applying estimates to determine impact of Ind AS on accounting and disclosure requirements prescribed under Indian Accounting Standard ("Ind AS") notified under the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Rule, 2016, as amended</p> <p>In view of the complexity involved, transition to Ind AS and the preparation of financial statements subsequent to the transition date have been areas of key focus in our audit.</p>	<ul style="list-style-type: none"> <li>• Applied the necessary audit procedures to test correctness of accounting adjustments made as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS.</li> <li>• Applied necessary audit procedures to test the appropriateness of disclosures included in the standalone financial statements.</li> </ul>

## Other Information

The Company's Board of Directors are responsible for the other information. The other information comprises the Performance Highlights, Corporate Governance Report, Directors' Report, Management Discussion and Analysis Report but does not include the standalone Ind AS financial statements and our auditor's report thereon. The Performance Highlights, Corporate Governance Report, Directors' Report, Management Discussion and Analysis Report is expected to be made available to us after that date of this auditor's report.

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

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

### **Responsibilities of Management for the Standalone Ind AS Financial Statements**

The Company's Board of Directors are 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 financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Second Amendment Rules, 2019. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS 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 but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 Ind AS 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 Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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 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 Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Second Amendment Rules, 2019;

- (d) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (e) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure A” to this report;
- (f) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (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, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements — Refer Note No 43 to the standalone Ind AS financial statements;
  - ii) The Company did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021;
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For P. J. Desai Co**  
**Chartered Accountants**  
(Firm’s Registration No.- 102330W)

Sd-  
**Pallav J Desai**  
**Partner**

Surat, May 29, 2021

UDIN: 21039868AAAABS8678  
(Membership No.-039868)

**PALLAV J.DESAI**  
**B. Com., F.C.A., D.I.S.A (ICAI)**

**P. J. DESAI & CO**  
**CHARTERED ACCOUNTANTS**  
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### **Annexure - A to the Independent Auditors' Report**

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Aaron Industries 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 Aaron Industries Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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



judgement, including the assessment of the risks of material misstatement of the 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 Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

### **Meaning of Internal Financial Controls over Financial Reporting With Reference to these Standalone Ind AS Financial Statements**

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting With Reference to Standalone Ind AS Financial Statements**

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

### **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For P. J. Desai Co**  
**Chartered Accountants**  
(Firm's Registration No.- 102330W)

Sd/-  
**Pallav J Desai**  
**Partner**

Surat, May 29, 2021

UDIN: 21039868AAAABS8678  
(Membership No.-039868)

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**Annexure - B to the Independent Auditors' Report**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Aaron Industries Limited of even date)

The Annexure B referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31<sup>st</sup> March 2021, we report that:

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and location of the fixed asset.  
(b) As explained to us, the company has verified its fixed assets during the year. No material discrepancies were notified on such physical verification of fixed assets.  
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has a factory building at Kosamba on a piece of land at Block No. 251-B, Royal Industrial Park, Village Moti Pardi, Taluka-Mangrol for which title deeds are held in the name of company as at the balance sheet date. The company has constructed factory building at Udhna on a land belonging to associate concerns for which the rent agreement has been entered upon.
- (ii) The company has conducted the physical verification of inventory at reasonable intervals during the year. As per information and explanations furnished to us company's inventory software is under implementation and day to day manual records are not kept in sufficient details hence we are unable to comment whether material discrepancies if any were noticed on such verification.
- (iii) The Company has not granted any loans (secured or unsecured) to companies, LLP's or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) to (c) of the Order are not applicable to the company and hence not commented upon it.
- (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, with respect to the loans and investments made during the year.
- (v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank Of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- (vi) As per the information and explanations given to us The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the activities carried on by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, duty of customs, cess, employees state insurance and GST have been generally regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of

applicable statutory dues were in arrears as at 31<sup>st</sup> March 2021 for a period of more than six months from the date they became payable except as stated below:

**Statement of Arrears of Statutory Dues Outstanding for More than Six Months:**

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates (FY)
Income Tax Act, 1961	TDS demand	10	2018-19
Income Tax Act, 1961	TDS demand	1820	2019-20

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company the dues of income tax which is not deposited by the company on account of any dispute is as under.

**Statement disputed dues:**

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates (FY)	Forum where dispute is pending	Remarks, if any
Income Tax Act, 1961	Income Tax	6,48,559	2017-18	Income Tax Department ITO Ward 1(1)(1) Aaykar Bhavan, Surat.	--

- (viii) The company has not defaulted in repayment of loans or borrowing to bank. The company has not availed any loan or borrowing from financial institution (other than bank), Government and has not issued any debentures, hence, comments are not required to be offered for loans or borrowings from such entities.
- (ix) The company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year and hence reporting under clause (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) The managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of sec 197 read with Schedule V to the Companies act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company as defined in Section 406(1) of the Companies Act, 2013. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (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 financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made private placement of shares during the year and requirement of Sec 42 is not to be complied with.
- (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 P. J. Desai Co**  
**Chartered Accountants**  
(Firm's Registration No.- 102330W)

Sd-  
**Pallav J Desai**  
**Partner**

Surat, May 29, 2021

UDIN: 21039868AAAABS8678  
(Membership No.-039868)

# STANDALONE BALANCE SHEET

as at March 31, 2021

(₹ in Lakhs)

Particulars	Note No.	As at 31.03.2021	As at 31.03.2020	As at 01.04.2019
<b>ASSETS</b>				
<b>(1) Non-Current Assets</b>				
(a) Property, Plant and Equipment	4	1286.70	926.85	867.97
(b) Capital work-in-progress	5	50.30	35.74	-
(c) Investment Property		-	-	-
(d) Goodwill		-	-	-
(e) Other Intangible assets	6	1.61	2.48	2.65
(f) Intangible assets under development		-	-	-
(g) Biological Assets other than bearer plants		-	-	-
(i) Financial Assets		-	-	-
(i) Investments		-	-	-
(ii) Loans		-	-	-
(iii) Others	7	21.09	33.57	40.56
(j) Deferred tax assets (net)		-	-	-
(k) Other non-current assets	8	2.87	2.13	-
<b>Total Non-Current Assets</b>		<b>1362.58</b>	<b>1000.77</b>	<b>911.19</b>
<b>(2) Current Assets</b>				
(a) Inventories	9	612.33	556.53	459.50
(b) Financial Assets				
(i) Investments		-	-	-
(ii) Trade receivables	10	172.71	241.06	174.33
(iii) Cash and cash equivalents	11	2.22	3.82	4.81
(iv) Other bank balances	12	8.35	10.68	33.60
(v) Loans	13	2.76	4.95	4.18
(vi) Others	14	0.00	-	-
(c) Current Tax Assets (Net)	15	4.11	4.11	9.03
(d) Other current assets	16	9.87	62.84	128.61
<b>Total Current Assets</b>		<b>812.35</b>	<b>884.01</b>	<b>814.05</b>
Assets classified as held for sale/Assets included in disposal group(s) held-for-sale		-	-	-
<b>Total Assets</b>		<b>2174.92</b>	<b>1884.77</b>	<b>1725.24</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital	17	1004.39	526.11	478.28
(b) Instruments entirely equity in nature		-	-	-
(c) Other Equity	18	212.92	530.43	444.01
<b>Total Equity</b>		<b>1217.32</b>	<b>1056.54</b>	<b>922.29</b>

(₹ in Lakhs)

Particulars	Note No.	As at 31.03.2021	As at 31.03.2020	As at 01.04.2019
<b>Liabilities</b>				
<b>(1) Non-Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	19	417.84	266.71	354.97
(ii) Other financial liabilities		-	-	-
(b) Provisions		-	-	-
(c) Deferred tax liabilities (Net)	20	63.71	51.93	23.94
(d) Other non-current liabilities	21	-	-	1.45
<b>Total Non-Current Liabilities</b>		<b>481.56</b>	<b>318.63</b>	<b>380.37</b>
<b>(2) Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	22	142.85	165.16	90.24
(ii) Trade payables	23			
(A) due to micro enterprises and small enterprises		37.18	58.36	82.62
(B) due to other than micro enterprises and small enterprises		57.77	96.95	78.29
(iii) Other financial liabilities	24	167.32	102.51	96.55
(b) Other current liabilities	25	67.64	86.62	74.87
(c) Provisions		-	-	-
(d) Current Tax Liabilities (Net)	26	3.30	-	-
<b>Total Current Liabilities</b>		<b>476.05</b>	<b>509.60</b>	<b>422.57</b>
Liabilities classified as held for sale / Liabilities included in disposal group held-for-sale		-	-	-
<b>Total Equity and Liabilities</b>		<b>2174.92</b>	<b>1884.77</b>	<b>1725.24</b>
<b>Significant Accounting Policies and Notes to Standalone Financial Statements</b>	<b>1- 49</b>			

As per our report of even date attached

**For P J Desai & Co.**  
Chartered Accountants

**Sd/-**  
**CA Pallav Desai**  
Partner  
M No. 039868 FRN 102330W  
**UDIN: 21039868AAAABS8678**

Place : Surat  
Date : 29/05/2021

**For and on behalf of the Board**

**Sd/-**  
**Amar Doshi**  
Chairman & Managing Director  
DIN: 00856635

**Sd/-**  
**Monish Doshi**  
Director & CFO  
DIN: 06690246

**Sd/-**  
**Karan Doshi**  
Whole Time Director  
DIN: 06690242

**Sd/-**  
**Nitinkumar Maniya**  
Company Secretary

**STATEMENT OF PROFIT AND LOSS**

for the year ended March 31, 2021

(₹ in Lakhs)

Sr. No.	Particulars	Note No.	Year ended 31.03.2021	Year ended 31.03.2021
I	Revenue from operations	27	2492.44	2139.92
II	Other income	28	12.19	3.74
III	<b>Total income (I+II)</b>		<b>2504.63</b>	<b>2143.66</b>
IV	<b>EXPENSES</b>			
	Cost of materials consumed	29	1684.59	1451.91
	Purchase of Stock in trade		-	-
	Changes in Inventories of finished goods, Stock- in-trade and work-in-progress	30	(33.41)	(66.23)
	Employee benefits expense	31	280.89	250.39
	Finance costs	32	44.20	58.84
	Depreciation and amortisation expense	33	63.27	55.41
	Other expenses	34	219.46	197.14
	<b>Total expenses (IV)</b>		<b>2259.00</b>	<b>1947.46</b>
V	<b>Profit/(loss) before exceptional items and tax (III-IV)</b>		<b>245.62</b>	<b>196.19</b>
VI	Exceptional items			
VII	<b>Profit/(loss) before tax (V-VI)</b>		<b>245.62</b>	<b>196.19</b>
VIII	<b>Tax expense:</b>	35		
	(a) Current tax		41.00	33.61
	(b) Deferred tax		11.92	28.18
IX	<b>Profit /(loss) for the period from continuing operations (VII-VIII)</b>		<b>192.70</b>	<b>134.40</b>
X	<b>Profit/(loss) from discontinued operations</b>		-	-
XI	<b>Tax expense of discontinued operations</b>			
XII	<b>Profit/(loss) from discontinued operations (after tax) (X-XI)</b>		-	-
XIII	<b>Profit/(loss) for the period (IX+XII)</b>		<b>192.70</b>	<b>134.40</b>
XIV	<b>Other comprehensive income</b>	36		
	A (i) Items that will not be reclassified to profit or loss		(0.49)	(0.70)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		0.14	0.20
	B (i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XV	<b>Total Comprehensive Income for the period (XIII+XIV)</b>		<b>192.34</b>	<b>133.90</b>
XVI	<b>Earnings per equity share (for continuing operation) Basic &amp; Diluted</b>		<b>1.92</b>	<b>1.34</b>
XVII	<b>Earnings per equity share (for discontinued operation) Basic &amp; Diluted</b>		-	-
XVIII	<b>Earnings per equity share (for discontinued &amp; continuing operations) Basic &amp; Diluted</b>		<b>1.92</b>	<b>1.34</b>
	<b>Significant Accounting Policies and Notes to Standalone Financial Statements</b>	1- 49		

As per our report of even date attached

**For P J Desai & Co.**  
Chartered Accountants

**Sd/-**  
**CA Pallav Desai**  
Partner  
M No. 039868 FRN 102330W  
**UDIN: 21039868AAAABS8678**

Place : Surat  
Date : 29/05/2021

**For and on behalf of the Board**

**Sd/-**  
**Amar Doshi**  
Chairman & Managing Director  
DIN: 00856635

**Sd/-**  
**Monish Doshi**  
Director & CFO  
DIN: 06690246

**Sd/-**  
**Karan Doshi**  
Whole Time Director  
DIN: 06690242

**Sd/-**  
**Nitinkumar Maniya**  
**Company Secretary**



**CASH FLOW STATEMENT**

for the year ended on March 31, 2021

(₹ in Lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
<b>Cash Flow from Operating Activities</b>		
<b>Net Profit Before Tax</b>	<b>245.62</b>	<b>196.19</b>
Add: Depreciation	63.27	55.41
IT refund received during the year	-	0.35
Loss on sale of Fixed Asset	1.42	-
Interest/Dividend	44.20	58.84
	<b>354.51</b>	<b>310.79</b>
Less: Investment Income	8.20	3.35
<b>Operating Profit before Working Capital Changes</b>	<b>346.32</b>	<b>307.44</b>
<b>Adjustment for Working Capital Changes</b>		
<b>Cash Inflow</b>		
Decrease in Other Current Assets	52.97	70.69
Increase in Other Financial Liabilities	64.81	5.96
Decrease in Other Financial Assets	12.48	6.99
Increase in Provision	3.30	-
Increase in Other Current Liabilities	(18.98)	11.75
	<b>114.57</b>	<b>95.40</b>
<b>Cash Outflow</b>		
Decrease in Trade Payable	60.36	5.61
Decrease in Non-Current Liabilities	-	1.45
Increase in Inventories	55.79	97.03
Increase/(Decrease) in Trade Receivable	(68.35)	66.74
	<b>47.80</b>	<b>170.83</b>
<b>Cash From Operations</b>	<b>413.09</b>	<b>232.01</b>
Interest Paid	44.20	58.84
Direct Taxes Paid	41.00	33.61
	<b>85.20</b>	<b>92.45</b>
<b>Net Cash Flow from Operating Activities</b> <b>A</b>	<b>327.88</b>	<b>139.56</b>
<b>Cash Flow from Investing Activities</b>		
Net Purchases of Fixed Assets	(463.23)	(149.85)
Increase in Other Non-Current Assets	(1.24)	(2.83)
Subsidy received	25.00	-
Decrease/(Increase) in Loans & Advances	2.19	(0.78)
Cash Inflow Interest Income	8.20	3.35
<b>Net Cash Used in Investing Activities</b> <b>B</b>	<b>(429.08)</b>	<b>(150.11)</b>

(₹ in Lakhs)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
<b>Cash Flow from financing Activities</b>		
Increase/(decrease) in Long Term Borrowings	151.14	(88.27)
Dividend paid during the year	(31.57)	-
Decrease in other bank balances	2.33	22.92
<b>Net Cash inflow from Financing Activities</b> C	<b>121.90</b>	<b>(65.35)</b>
Net Cash Changes	20.71	(75.91)
Cash and Cash equivalents Opening	(71.10)	4.81
Cash and Cash equivalents Closing	(50.39)	(71.10)

Note: The Cash flow Statement has been prepared as per indirect method as notified in AS 3

**For P J Desai & Co.**

Chartered Accountants

**Sd/-**

**CA Pallav Desai**

Partner

M No. 039868 FRN 102330W

**UDIN: 21039868AAAABS8678**

Place : Surat

Date : 29/05/2021

**For and on behalf of the Board**

**Sd/-**

**Amar Doshi**

Chairman & Managing Director

DIN: 00856635

**Sd/-**

**Monish Doshi**

Director & CFO

DIN: 06690246

**Sd/-**

**Karan Doshi**

Whole Time Director

DIN: 06690242

**Sd/-**

**Nitinkumar Maniya**

**Company Secretary**

## Statement of changes in Equity for the year ended March 31, 2021

### A. Equity Share Capital

(₹ in Lakhs)

Particulars	Equity Share Capital
Balance as at April 01, 2019	478.28
Increase in share capital on account of bonus issue	47.83
Balance as at March 31, 2020	526.11
Balance as at April 01, 2020	526.11
Increase in share capital on account of bonus issue	478.28
Balance as at March 31, 2021	1004.39

### B. Other Equity

(₹ in Lakhs)

Particulars	Reserve & Surplus		Items of Other Comprehensive Income	Total Other Equity
	Securities Premium Account	Retained Earnings	Remeasurement of defined benefit	
Balance as at April 01, 2019	353.15	90.86	-	444.01
Movement during the year:				
Profit/(Loss) for the year	-	134.40	-	134.40
Income tax refund	-	0.35		0.35
Other Comprehensive income for the year, net of tax	-	-	(0.51)	(0.51)
Bonus shares	(47.83)	-	-	(47.83)
Balance as at March 31, 2020	305.32	225.62	(0.51)	530.43
Balance as at April 01, 2020	305.32	225.62	(0.51)	530.43
Movement during the year:				
Profit/(Loss) for the year	-	192.70	-	192.70
Other Comprehensive income for the year, net of tax	-	-	(0.36)	(0.36)
Dividend	-	(31.57)	-	(31.57)
Bonus shares	(305.32)	(172.96)	-	(478.28)
Balance as at March 31, 2021	-	213.79	(0.86)	212.92

As per our report of even date attached

For P J Desai & Co.

Chartered Accountants

For and on behalf of the Board

Sd/-

CA Pallav Desai

Partner

M No. 039868 FRN 102330W

UDIN: 21039868AAAABS8678

Place : Surat

Date : 29/05/2021

Sd/-

Amar Doshi

Chairman & Managing Director

DIN: 00856635

Sd/-

Monish Doshi

Director & CFO

DIN: 06690246

Sd/-

Karan Doshi

Whole Time Director

DIN: 06690242

Sd/-

Nitinkumar Maniya

Company Secretary

## Notes to the Standalone financial statements

### 4. PROPERTY, PLANT AND EQUIPMENT

Particulars / Assets	Free Hold land	Building	Plant and Machinery	Computers	Furniture & Fixtures	Electrical Installation	Office Equipment	Vehicles	Total
<b>GROSS BLOCK</b>									
As at April 01, 2019	52.95	300.48	457.66	4.75	1.71	39.66	0.35	41.17	898.74
Additions	-	9.21	95.21	1.07	1.48	3.29	3.08	-	113.34
Deduction/Adjustments	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2020</b>	<b>52.95</b>	<b>309.69</b>	<b>552.87</b>	<b>5.82</b>	<b>3.20</b>	<b>42.95</b>	<b>3.42</b>	<b>41.17</b>	<b>1012.08</b>
Additions	-	<b>224.18</b>	<b>168.81</b>	<b>3.91</b>	<b>4.29</b>	<b>29.09</b>	<b>1.20</b>	<b>17.48</b>	<b>448.97</b>
Deduction/Adjustments	-	-	<b>26.55</b>	-	-	-	-	<b>0.72</b>	<b>27.27</b>
<b>As at March 31, 2021</b>	<b>52.95</b>	<b>533.87</b>	<b>695.14</b>	<b>9.74</b>	<b>7.49</b>	<b>72.04</b>	<b>4.62</b>	<b>57.93</b>	<b>1433.78</b>
<b>ACCUMULATED DEPRECIATION</b>									
As at April 01, 2019	-	2.51	19.29	1.31	0.75	0.96	0.07	5.86	30.77
Charge for the year	-	9.72	33.85	1.86	0.21	4.12	0.34	4.37	54.46
Deduction/Adjustments	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2020</b>	<b>-</b>	<b>12.23</b>	<b>53.14</b>	<b>3.18</b>	<b>0.96</b>	<b>5.08</b>	<b>0.41</b>	<b>10.23</b>	<b>85.23</b>
Charge for the year	-	<b>11.41</b>	<b>36.58</b>	<b>2.02</b>	<b>0.29</b>	<b>5.25</b>	<b>0.78</b>	<b>6.07</b>	<b>62.40</b>
Deduction/Adjustments	-	-	<b>0.34</b>	-	-	-	-	<b>0.21</b>	<b>0.55</b>
<b>As at March 31, 2021</b>	<b>-</b>	<b>23.65</b>	<b>89.38</b>	<b>5.19</b>	<b>1.25</b>	<b>10.32</b>	<b>1.20</b>	<b>16.09</b>	<b>147.08</b>
<b>ACCUMULATED IMPAIRMENT</b>									
As at April 01, 2019	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-	-
Deduction/Adjustments	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Charge for the year	-	-	-	-	-	-	-	-	-
Deduction/Adjustments	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Block</b>									
As at April 01, 2019	52.95	297.96	438.37	3.44	0.96	-	0.27	35.31	867.97
As at March 31, 2020	52.95	297.45	499.74	2.65	2.24	-	3.01	30.94	926.85
<b>As at March 31, 2021</b>	<b>52.95</b>	<b>510.22</b>	<b>605.76</b>	<b>4.54</b>	<b>6.24</b>	<b>-</b>	<b>3.43</b>	<b>41.85</b>	<b>1286.70</b>

**Note:**

- 1) The Company has elected to continue with the carrying value of its Property Plant & Equipment (PPE) recognised as of April 01, 2019 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as on the transition date as per Para D7AA of Ind AS 101.
- 2) The aggregate depreciation charge for the year has been included under depreciation and amortisation expense in the Statement of Profit and Loss.
- 3) Refer to note 19.2 for information on property plant and equipment pledged as security by the Company
- 4) The amount of expenditures recognised in the carrying amount of property, plant and equipment in the course of construction is as below :

(₹ in Lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Employee cost	-	-	-
Depreciation	-	-	-
Borrowing cost	1.14	-	7.79

**5. CAPITAL WORK IN PROGRESS**

(₹ in Lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Factory Building	50.30	35.74	-
			-
<b>Total</b>	<b>50.30</b>	<b>35.74</b>	<b>-</b>

**6. INTANGIBLE ASSETS**

(₹ in Lakhs)

Particulars /Assets	Computer Software	Total
<b>GROSS BLOCK</b>		
As at April 01, 2019	4.49	4.49
Additions	0.77	0.77
Deduction/Adjustments	-	-
<b>As at March 31, 2020</b>	<b>5.26</b>	<b>5.26</b>
Additions		-
Deduction/Adjustments		-
<b>As at March 31, 2021</b>	<b>5.26</b>	<b>5.26</b>
<b>ACCUMULATED AMORTIZATION</b>		
As at April 01, 2019	1.83	1.83
Charge for the year	0.95	0.95
Deduction/Adjustments	-	-
<b>As at March 31, 2020</b>	<b>2.78</b>	<b>2.78</b>
Charge for the year	0.87	0.87
Deduction/Adjustments	-	-
<b>As at March 31, 2021</b>	<b>3.65</b>	<b>3.65</b>

<b>IMPAIRMENT</b>		
As at April 01, 2019	-	-
Charge for the year	-	-
Deduction/Adjustments	-	-
<b>As at March 31, 2020</b>	-	-
Charge for the year	-	-
Deduction/Adjustments	-	-
<b>As at March 31, 2021</b>	-	-
<b>Net Block</b>		
As at April 01, 2019	2.65	2.65
<b>As at March 31, 2020</b>	2.48	2.48
<b>As at March 31, 2021</b>	1.61	1.61

## 7. FINANCIAL ASSETS – OTHERS

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
Interest Accrued on deposits and loans			
- Considered Good	0.96	1.59	0.81
- Considered Doubtful	-	-	-
	0.96	1.59	0.81
Security Deposit	20.13	23.59	26.59
Term Deposits with more than twelve months of original maturity	-	8.38	8.38
Others	-	-	4.78
<b>Total</b>	<b>21.09</b>	<b>33.57</b>	<b>40.56</b>

## 8. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
(Unsecured, Considered Good unless Otherwise Stated)			
Prepaid Long Term Employee Benefits (Gratuity)	2.75	1.98	-
Others receivables	0.12	0.15	-
<b>Total</b>	<b>2.87</b>	<b>2.13</b>	<b>-</b>

## 9. INVENTORIES

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
Raw Material	348.18	330.01	300.81
Work in Progress	40.35	44.94	36.53
Finished goods	214.56	176.56	118.74
Packing Material	9.23	5.02	3.42
<b>Total</b>	<b>612.33</b>	<b>556.53</b>	<b>459.50</b>

**10. TRADE RECEIVABLES****(₹ in Lakhs)**

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
Unsecured, Considered good			
Due from related Parties*	-	-	-
Others	193.33	251.06	184.33
Secured, Considered Good	-	-	-
Significant increase in credit risk	-	-	-
Credit impaired	-	-	-
Less:	-	-	-
Impairment for doubtful receivables	(20.62)	(10.00)	(10.00)
<b>Total</b>	<b>172.71</b>	<b>241.06</b>	<b>174.33</b>

10.1 Generally, the Company enters into long-term sales arrangement with its customers. The credit period on sales is generally 30 to 60 days. Interest is charged at agreed rate as per contract terms on the overdue balance.

**11. CASH AND CASH EQUIVALENTS****(₹ in Lakhs)**

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
Balances with banks			
In current accounts	0.65	0.29	4.73
Cash on hand	1.57	3.53	0.08
<b>Total</b>	<b>2.22</b>	<b>3.82</b>	<b>4.81</b>

11.1 The deposits maintained by the Company with banks comprise time deposit, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

11.2 Cash and cash equivalents include cash on hand, cheques, drafts on hand, cash at bank and deposits with original maturity of 3 months or less.

**12. OTHER BANK BALANCES****(₹ in Lakhs)**

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
Other Bank Deposits for original maturity more than 3 months upto 12 months (refer note 12.1)	-	10.68	33.60
Unclaimed dividend accounts	-	-	-
Earmarked bank deposits (refer note 12.2)	8.35	-	-
<b>Total</b>	<b>8.35</b>	<b>10.68</b>	<b>33.60</b>

12.1 The deposits maintained by the Company with banks comprise time deposit, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

12.2 The Company has pledged above deposits with bank as margin money for Bank Guarantee & Letter of Credit.

**13. LOANS**

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
(Unsecured, Considered Good unless Otherwise Stated)			
<b>Loans to Employees</b>			
- Secured, Considered Good	-	-	-
- Unsecured, Considered Good	2.76	4.95	4.18
- Significant increase in credit risk	-	-	-
- Credit impaired	-	-	-
Less: Impairment for doubtful loans	-	-	-
	2.76	4.95	4.18
<b>Total</b>	<b>2.76</b>	<b>4.95</b>	<b>4.18</b>

**14. FINANCIAL ASSETS – OTHERS**

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
Interest Accrued on deposits and loans			
- Considered Good*	0.00	-	-
- Considered Doubtful	-	-	-
Less: Impairment for doubtful receivables	-	-	-
	0.00	-	-
<b>Total</b>	<b>0.00</b>	<b>-</b>	<b>-</b>

\*14.1 The amount of ₹ 380 of Interest Accrued on deposits and loans - Considered Good as at March 31, 2021 is shown at 0 due to rounding off the figures in lakhs.

**15. CURRENT TAX ASSETS (NET)**

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
<b>Current Tax Assets</b>			
Provision for Income Tax	-	33.61	32.39
Less: Advance Tax	-	37.00	41.14
Less: Tax Deducted at Source Receivable	-	0.73	0.10
Less: Tax Collected at Source Receivable	-	-	0.18
Income tax refund (A.Y.2020-21)	4.11	-	-
<b>Total</b>	<b>4.11</b>	<b>4.11</b>	<b>9.03</b>

**16. OTHER CURRENT ASSETS**

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
<b>Unsecured, Considered good</b>			
Balance with Government Authorities	4.14	-	24.72
Capital Advances	3.67	0.45	62.59
Advances to vendors	1.97	60.28	39.54
Others	0.08	2.11	1.77
<b>Total</b>	<b>9.87</b>	<b>62.84</b>	<b>128.61</b>



**17. EQUITY SHARE CAPITAL**

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
<b>Authorised</b>			
1,10,00,000 (P.Y.60,00,000)Equity Shares of ₹10/-each	1100.00	600.00	500.00
<b>Total</b>	<b>1100.00</b>	<b>600.00</b>	<b>500.00</b>
<b>Issued, Subscribed and Fully Paid Up</b>			
1,00,43,939 (P.Y.52,61,114)Equity Shares of ₹10/-each	1004.39	526.11	478.28
<b>Total</b>	<b>1004.39</b>	<b>526.11</b>	<b>478.28</b>

**17.1 Reconciliation of number of equity shares outstanding at the beginning and at the end of reporting period is as under:**

Particulars	No. of Shares	Share Capital (₹ in Lakhs)
As at April 01, 2019	47,82,838	478.28
Additions/(Reductions)	4,78,276	47.83
As at March 31, 2020	52,61,114	526.11
<b>As at April 01, 2020</b>	<b>52,61,114</b>	<b>526.11</b>
<b>Additions/(Reductions)</b>	<b>47,82,825</b>	<b>478.28</b>
<b>As at March 31, 2021</b>	<b>1,00,43,939</b>	<b>1004.39</b>

**17.2 Details of Shareholder holding more than 5 percent share in Company:**

	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
Name	No. of Shares	% of Shares Holding	No. of Shares	% of Shares Holding	No. of Shares	% of Shares Holding
Amar C Doshi	26,52,252	26.41%	13,89,275	26.41%	12,62,978	26.41%
Karan A Doshi	14,34,122	14.28%	7,51,207	14.28%	6,82,916	14.28%
Monish A Doshi	13,96,654	13.91%	7,31,581	13.91%	6,65,074	13.91%
Radhika R. Doshi	11,12,070	11.07%	5,82,513	11.07%	5,29,558	11.07%
	<b>65,95,098</b>	<b>65.66%</b>	<b>34,54,576</b>	<b>65.66%</b>	<b>31,40,526</b>	<b>65.66%</b>

**17.3 Right, Preferences and restrictions attached to Equity Shares:**

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. Any dividend declared by the company shall be paid to each holder of Equity shares in proportion to the number of shares held to total equity shares outstanding as on that date. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**17.4 Bonus Shares**

i) The Company had allotted 47,82,825 number of fully paid Bonus shares on September 06, 2020 in the ratio of Ten equity share of ₹10 each fully paid up for every Eleven existing equity shares of ₹ 10 each fully paid up.

ii) The Company had allotted 4,78,276 number of fully paid Bonus shares on September 03, 2019 in the ratio of one equity share of ₹ 10 each fully paid up for every ten existing equity shares of ₹ 10 each fully paid up.

**18. OTHER EQUITY****(₹ in Lakhs)**

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Securities Premium	-	305.32	353.15
General Reserve	-	-	-
Retained Earnings	212.92	225.11	90.86
<b>Total</b>	<b>212.92</b>	<b>530.43</b>	<b>444.01</b>

**18.1 Particulars relating to Other Equity****(₹ in Lakhs)**

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Securities Premium (Refer Note No.24.2)</b>			
Balance at the beginning of the year	305.32	353.15	72.67
Addition/(Deduction) during the year	(305.32)	(47.83)	280.47
<b>Balance at the end of the year</b>	<b>-</b>	<b>305.32</b>	<b>353.15</b>
<b>Retained Earnings</b>			
Balance at the beginning of the year	225.11	90.86	93.05
Profit after tax for the year	192.70	134.40	105.89
Other comprehensive income for the year	(0.36)	(0.51)	-
Add: Refund F.Y.2017-18	-	0.35	-
Add: Decrease in DBO	-	-	6.23
Add: Deferred Tax on ECL	-	-	2.78
Add: Deferred Tax on non-deductible expense	-	-	0.70
<b>Less: Payments of dividends (Note 18.3)</b>	<b>(31.57)</b>	<b>-</b>	<b>-</b>
<b>Less: Issue of bonus shares</b>	<b>(172.96)</b>	<b>-</b>	<b>(93.05)</b>
<b>Less: Tax on Dividends</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Less: Transferred to general reserve</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Less: Impairment of trade receivable</b>	<b>-</b>	<b>-</b>	<b>(10.00)</b>
<b>Less: IPO expense balance written off</b>	<b>-</b>	<b>-</b>	<b>(11.91)</b>
<b>Less: Prior Period Item relating to Deferred Tax</b>	<b>-</b>	<b>-</b>	<b>(2.84)</b>
	<b>(12.19)</b>	<b>134.25</b>	<b>(2.19)</b>
Balance at the end of the year	212.92	225.11	90.86
<b>Total</b>	<b>212.92</b>	<b>530.43</b>	<b>444.01</b>

18.2 Securities Premium is used to record the premium on issue of equity shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

18.3 The General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General Reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve is not reclassified subsequently to the Statement of Profit and Loss.

18.4 The amount that can be distributed by the Company as dividends to its equity shareholders is determined considering the requirements of the Companies Act, 2013 and the dividend distribution policy of the Company. Thus, the amount reported in General Reserve is not entirely distributable.

**Distributions Made and Proposed****(₹ in Lakhs)**

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Cash dividends on equity shares declared and paid</b>			
Final dividend for the year ended on March 31, 2020: Rs 0.60 per share	31.57	-	-

On August 26, 2020 (Date), a final dividend of ₹ 0.60 per share for 2019-20 was paid to holders of fully paid equity shares.

**19. BORROWINGS****(₹ in Lakhs)**

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
<b>Secured</b>			
Term Loans			
From Banks	342.21	261.15	348.13
From Others	-	-	-
<b>Unsecured</b>			
Loans from related parties	75.63	5.55	6.85
<b>Total</b>	<b>417.84</b>	<b>266.71</b>	<b>354.97</b>

**19.1 Term Loans from Banks consists of following:****(₹ in Lakhs)**

Term Loans	Year Ended	Current Maturities of each Loan	Amount of Each Loan Outstanding
a)HDFC MACHINERY LOAN - 82447535	<b>31-03-2021</b>	-	-
	31-03-2020	-	-
	01-04-2019	6.67	17.17
b)HDFC BANK CAR LOAN -58296181	<b>31-03-2021</b>	<b>3.77</b>	<b>5.29</b>
	31-03-2020	3.45	9.00
	01-04-2019	3.16	12.58
c)HDFC BANK CONSTRUCTION TL -83558395	<b>31-03-2021</b>	<b>21.06</b>	<b>39.73</b>
	31-03-2020	18.83	60.74
	01-04-2019	16.69	80.31
d)HDFC BANK LOAN CONSTRUCTION PHASE -2 84556605	<b>31-03-2021</b>	<b>7.01</b>	<b>27.91</b>
	31-03-2020	-	-
	01-04-2019	-	-
e)HDFC BANK LOAN MACHINERY PHASE -2- 84557676	<b>31-03-2021</b>	<b>35.89</b>	<b>143.03</b>
	31-03-2020	-	-
	01-04-2019	-	-
f)HDFC BANK MACHINERY TL-83610279	<b>31-03-2021</b>	<b>24.98</b>	<b>51.74</b>
	31-03-2020	22.48	76.40
	01-04-2019	15.37	78.08
g)HDFC CAR LOAN _NEXON ZX	<b>31-03-2021</b>	<b>4.68</b>	<b>7.83</b>
	31-03-2020	-	-
	01-04-2019	-	-
h)HDFC MACHINERY LOAN TL-83222410	<b>31-03-2021</b>	<b>48.82</b>	<b>66.68</b>
	31-03-2020	44.10	115.01
	01-04-2019	39.72	159.98

## 19.2 Nature of security

(A) Borrowings other than car loans referred to in b) and g) above are secured by the following:

i) Industrial Property at Plot No. B-65 and 66 at Udhana, Surat owned by associate concerns and at Block No. 251, Mangrol, Kosamba owned by Company.

ii) Plant & M/c @25%, New Plant & Machinery, FDR for LC, Other CA for LC, Debtors and Stock.

iii) Personal guarantee of promoter directors, associate firms and their partners and their relatives.

(B) Car Loans referred to in b) and g) above are secured by hypothecation of vehicle.

## 19.3 The terms of repayment of the above loans are as follows:

(₹ in Lakhs)

Term Loans from Banks	Year Ended	No. of Instalments Due after the Balance Sheet Date	Amount of each Instalment
a)HDFC MACHINERY LOAN - 82447535	31-03-2021	0	-
Interest Rate (9.25 percentage per annum)*(Floating Rate):	31-03-2020	0	-
Reference Rate + Spread of ____ (%)p.a.	01-04-2019	38	0.73
b)HDFC BANK - CAR LOAN 58296181	31-03-2021	27	0.37
Interest Rate (9.00 percentage per annum)	31-03-2020	39	0.37
	01-04-2019	51	0.37
c)HDFC CONSTRUCTION T/L- 83558395	31-03-2021	29	2.12
Interest Rate (9.90 percentage per annum)*(Floating Rate):	31-03-2020	41	2.12
Reference Rate + Spread of ____ (%)p.a.	01-04-2019	56	2.12
d)HDFC BANK LOAN CONSTRUCTION PHASE -2 84556605	31-03-2021	52	0.79
Interest Rate (7.85 percentage per annum)*(Floating Rate):	31-03-2020	0	-
Reference Rate + Spread of ____ (%)p.a.	01-04-2019	0	-
e)HDFC BANK LOAN MACHINERY PHASE -2-84557676	31-03-2021	52	3.35
Interest Rate (7.86 percentage per annum)*(Floating Rate):	31-03-2020	0	-
Reference Rate + Spread of ____ (%)p.a.	01-04-2019	0	-
f)HDFC CAR LOAN _NEXON ZX	31-03-2021	30	0.46
Interest Rate (8.05 percentage per annum)	31-03-2020	0	-
	01-04-2019	0	-
g)HDFC MACHINERY LOAN - 83610279	31-03-2021	34	2.55
Interest Rate (8.65 percentage per annum)*(Floating Rate):	31-03-2020	46	2.55
Reference Rate + Spread of ____ (%)p.a.	01-04-2019	58	1.08
h)HDFC MACHINERY LOAN - 83222410	31-03-2021	27	4.74
Interest Rate (8.65 percentage per annum)*(Floating Rate):	31-03-2020	39	4.74
Reference Rate + Spread of ____ (%)p.a.	01-04-2019	51	4.74

## 20. DEFERRED TAX LIABILITIES/(ASSETS) (NET)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
Deferred Tax Liabilities	71.06	56.50	28.00
Deferred Tax Assets	7.35	4.57	4.06
<b>Total</b>	<b>63.71</b>	<b>51.93</b>	<b>23.94</b>

**2020-21****(₹ in Lakhs)**

Particulars	Opening Balance	Recognized in Statement of Profit and Loss	Recognized in Other Comprehensive Income	Closing Balance
<b>Deferred tax liability on account of:</b>				
Property, Plant & Equipment, Intangible assets & Investment property	56.50	14.56	-	71.06
Total Deferred Tax Liabilities	56.50	14.56	-	71.06
<b>Deferred tax asset on account of:</b>				
Provision for Doubtful debts	2.78	2.95	-	5.74
Unamortised preliminary expense-35D	1.60	(0.32)	-	1.28
Actuarial Loss	0.20	-	0.14	0.33
Unused Tax credits	-	-	-	-
Total Deferred Tax Assets	4.57	2.64	0.14	7.35
<b>Net Deferred Tax</b>	<b>51.93</b>	<b>11.92</b>	<b>(0.14)</b>	<b>63.71</b>

**2019-20****(₹ in Lakhs)**

Particulars	Opening Balance	Recognized in Statement of Profit and Loss	Recognized in Other Comprehensive Income	Closing Balance
<b>Deferred tax liability on account of:</b>				
Property, Plant & Equipment, Intangible assets & Investment property	28.00	28.50	-	56.50
Total Deferred Tax Liabilities	28.00	28.50	-	56.50
<b>Deferred tax asset on account of:</b>				
Provision for Doubtful debts	2.78	-	-	2.78
Unamortised preliminary expense-35D	1.28	0.32	-	1.60
Actuarial Loss	-	-	0.20	0.20
Unused Tax credits	-	-	-	-
Total Deferred Tax Assets	4.06	0.32	0.20	4.57
<b>Net Deferred Tax</b>	<b>23.94</b>	<b>(28.18)</b>	<b>0.20</b>	<b>51.93</b>

**20.1** Unused Tax Credit (MAT Credit) for which no deferred tax asset is recognised is Rs 16.82 lacs as on March 31, 2021, Rs. 29.61 lacs as on March 31, 2020, Rs. 12.73 lacs on April 01, 2019 in the absence of reasonable certainty, the management does not recognise the MAT credit entitlement.

**21. OTHER NON- CURRENT LIABILITIES****(₹ in Lakhs)**

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
Advance from Customers	-	-	-
Liability for Statutory Payments	-	-	-
Defined Benefit Obligation (Gratuity)	-	-	1.45
Other liabilities	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1.45</b>

**22. BORROWINGS**

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
<b>Secured Loans</b>			
From Banks	142.85	165.16	90.24
From Others	-	-	-
<b>Total</b>	<b>142.85</b>	<b>165.16</b>	<b>90.24</b>

The Company has been sanctioned a CC limit of Rs. 3.5 crores from HDFC bank and is secured by:

- Industrial Property at Plot No. B-65 and 66 at Udhana, Surat owned by associate concerns and at Block No. 251, Mangrol, Kosamba owned by Company.
- Plant & M/c @25%, New Plant & Machinery, FDR for LC, Other CA for LC, Debtors and Stock.
- Personal guarantee of promoter directors, associate firms and their partners and their relative.

**23. TRADE PAYABLES**

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
Micro, Small and Medium Enterprises	37.18	58.36	82.62
Others	57.77	96.95	78.29
<b>Total</b>	<b>94.94</b>	<b>155.31</b>	<b>160.92</b>

**23.1** Payment towards trade payables is made as per the terms and conditions of the contract / purchase orders. The average credit period is 45 - 60 days.

**23.2** The amount due to Micro and Small Enterprises as defined in the “The Micro, Small and Medium Enterprises Development Act, 2006” has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small Enterprises are as below:

(₹ in Lakhs)

<b>Trade Payables -Total outstanding dues of Micro &amp; Small Enterprises*</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>	<b>As at April 01, 2019</b>
Principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;	37.18	58.36	82.62
Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;			
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 Micro, Small and Medium Enterprises Development Act, 2006;	-	-	-
Interest accrued and remaining unpaid as at of end of each accounting year;	-	-	-
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.	-	-	-

\*Based on the confirmation from Vendors.

**23.3** No interest during the year has been paid to Micro and Small Enterprise on delayed payments. Further Interest Accrued during the year and remaining unpaid is not provided in the books as the management is of the opinion that due to contractual terms they will not be required to pay the same.

#### 24. OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
Current maturities of long-term debt	146.20	88.87	81.61
Interest accrued	-	-	-
Liability for Capital Goods	-	-	-
Liability for Employees	21.12	13.64	14.94
Expenses payable	-	-	-
<b>Total</b>	<b>167.32</b>	<b>102.51</b>	<b>96.55</b>

24.1 No amount is due for deposit in Investor Education and Protection Fund.

#### 25. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
Advance from Customers	56.30	50.12	51.44
Deferred government grant	-	-	-
Liability for Statutory Payments	7.31	36.50	23.43
Other liabilities	4.03	-	-
<b>Total</b>	<b>67.64</b>	<b>86.62</b>	<b>74.87</b>

#### 26. CURRENT TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
<b>Current Tax Liability</b>			
Income Tax Payable	-	-	-
<b>Current Tax Liabilities</b>			
Provision for Income Tax	41.00	-	-
Less: Advance Tax	(36.00)	-	-
Less: Tax Deducted at Source Receivable	(1.53)	-	-
Less: Tax Collected at Source Receivable	(0.17)	-	-
<b>Total</b>	<b>3.30</b>	<b>-</b>	<b>-</b>

#### 27. REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Sale of Products</b>		
Domestic	2420.73	1980.04
Export	0.09	-
Trading Sales	-	-
<b>Sale of Services</b>	<b>71.62</b>	<b>159.88</b>
<b>Total</b>	<b>2492.44</b>	<b>2139.92</b>

**28. OTHER INCOME**

(₹ in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Interest income</b>		
on other financial assets carried on amortised cost	0.28	1.47
on other assets	2.48	0.75
<b>Other Non-Operating Revenue</b>		
Miscellaneous Income	8.79	1.52
<b>Other Gain/ Loss</b>		
Net Foreign Exchange Gain	0.64	-
<b>Total</b>	<b>12.19</b>	<b>3.74</b>

**29. COST OF MATERIALS CONSUMED**

(₹ in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Raw materials consumed</b>		
Raw materials at the beginning of the year	330.01	300.81
Add: Purchases	1659.03	1436.86
Less: Raw materials at the end of the year	348.18	330.01
<b>Total cost of raw materials consumed (A)</b>	<b>1640.85</b>	<b>1407.66</b>
<b>Packing materials consumed</b>		
Packing materials at the beginning of the year	5.02	3.42
Add: Purchases	47.94	45.85
Less: Packing materials at the end of the year	9.23	5.02
<b>Total cost of packing materials consumed (B)</b>	<b>43.73</b>	<b>44.25</b>
<b>Total</b>	<b>1684.59</b>	<b>1451.91</b>

**30. CHANGES IN INVENTORIES**

(₹ in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Opening stock:</b>		
Work-in-progress	44.94	36.53
Finished goods	176.56	118.74
Traded Goods	-	-
<b>Total (A)</b>	<b>221.50</b>	<b>155.27</b>
<b>Closing stock:</b>		
Work-in-progress	40.35	44.94
Finished goods	214.56	176.56
Traded Goods	-	-
Finished Goods- Stock in Transit	-	-
<b>Total (B)</b>	<b>254.91</b>	<b>221.50</b>
<b>Total(A-B)</b>	<b>(33.41)</b>	<b>(66.23)</b>

**31. EMPLOYEE BENEFITS EXPENSE**

(₹ in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, Wages and Bonus	244.10	220.83
Contribution to Provident and Other Funds	19.28	15.43
Gratuity Expenses	5.41	3.91
Staff welfare expenses	12.10	10.23
<b>Total</b>	<b>280.89</b>	<b>250.39</b>



**32. FINANCE COSTS****(₹ in Lakhs)**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Interest on Financials Liabilities carried at Amortized Cost</b>		
Borrowings from banks	36.39	52.55
Others	4.98	1.67
Other borrowing costs	3.97	4.62
Less: Amount Capitalised	1.14	-
<b>Total</b>	<b>44.20</b>	<b>58.84</b>

**33. DEPRECIATION AND AMORTISATION EXPENSE****(₹ in Lakhs)**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on Property Plant & Equipment (Refer note 4)	62.40	54.46
Amortisation of Intangible assets (Refer note 6)	0.87	0.95
<b>Total</b>	<b>63.27</b>	<b>55.41</b>

**34. OTHER EXPENSES****(₹ in Lakhs)**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Advertisement and Sales Promotion	0.68	9.04
Donation	0.50	-
Commission to selling agents	9.42	11.83
Consultancy & Professional fees	31.59	16.42
Consumption of stores, spares and consumables	13.21	10.52
Bad debt written off	0.45	0.05
Exchange fluctuation (net)	-	-
Allowance for doubtful debts and advances	10.62	-
Insurance	2.63	2.61
Legal expenses	7.18	3.95
Loss on sale of property, plant and equipment - Net	1.42	-
Maintenance and upkeep	-	-
Other Manufacturing Expenses	0.90	1.29
Freight and handling charges	43.80	42.47
Payment to Auditors	1.79	1.65
Telephone and communication charges	1.56	2.06
Power and fuel	34.79	36.29
Printing and stationery	0.85	1.25
Rent, Rates and taxes	3.54	3.38
Processing Expenses	11.93	10.13
Repairs		
- Buildings	5.20	7.86
- Machinery	13.59	9.80
- Others	1.40	2.54
Training and development	-	-
Travelling and conveyance	0.91	3.19
Wages to Contractors	-	-
Warehousing charges	-	-
Warranty Expenses	-	-
Administrative and other expenses	21.51	20.81
<b>Total</b>	<b>219.46</b>	<b>197.14</b>

(i) Payment to auditors has been classified below (Excluding Taxes): (₹ in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Auditor,	1.00	0.90
(b) For taxation matters,	0.79	0.75
(c) For company law matters,	-	-
(d) For other services,	-	-
(e) For reimbursement of expenses	-	-
<b>Total</b>	<b>1.79</b>	<b>1.65</b>

35. TAX EXPENSE (₹ in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Current tax in relation to:</b>		
Current years	41.00	33.61
Earlier years	-	-
<b>Deferred Tax</b>		
In respect of current year	11.92	28.18
Unused Tax Credits	-	-
<b>Total income tax expense recognised in the current year</b>	<b>52.92</b>	<b>61.79</b>

(i) The income tax expense for the year can be reconciled to the accounting profit as follows:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax	245.62	196.19
Income tax expense calculated at 27.82% (2019-20: 26%)	68.33	51.01
Expenses not allowed in Income Tax	(2.59)	(6.36)
Deferred tax	-	-
Deferred tax recognised for earlier years	-	2.86
Mat Credit u/s 115JB	(12.79)	13.95
Others	(0.02)	0.33
<b>Total Expense as per P&amp;L A/c</b>	<b>52.92</b>	<b>61.79</b>

36. OTHER COMPREHENSIVE INCOME (₹ in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>A - Items that will not be reclassified to Profit &amp; Loss</b>		
Changes in revaluation surplus	-	-
Re-measurements of the defined benefit plans	(0.49)	(0.70)
Fair value changes on Equity Instruments through other comprehensive income	-	-
Fair value changes relating to own credit risk of financial liabilities designated at fair value through profit or loss	-	-
Share of Other Comprehensive Income in Associates and Joint Ventures, to the extent not to be classified into profit or loss	-	-
Others (specify nature)	-	-
Income tax related to above	0.14	0.20
	(0.36)	(0.51)

<b>B - Items that will be reclassified to Profit &amp; Loss</b>		
Exchange differences in translating the financial statements of a foreign operation	-	-
Fair value changes in Debt Instruments through other comprehensive income	-	-
The effective portion of gain and loss on hedging instruments in a cash flow hedge	-	-
Share of Other Comprehensive Income in Associates and Joint Ventures, to the extent to be classified into profit or loss	-	-
Others (specify nature)	-	-
Income tax related to above	-	-
<b>Total</b>	<b>(0.36)</b>	<b>(0.51)</b>

### 37. FIRST TIME IND AS ADOPTION - RECONCILIATION

"For all period upto and including the year March 31, 2019, the Company had prepared its financial statements in accordance with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rule, 2014 ("Previous GAAP"). For the year ended on March 31, 2020 the financial statements are prepared and presented in accordance with the Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rule, 2015 in accordance with the accounting policies as set out by the Company in Note No.1.

The Accounting Policies as set out in Note No 1 have been applied in preparing its financial statements for the year ended March 31, 2021 including the Comparative information for the year ended on March 31, 2020 and the Opening Ind AS Financial Statements on the date of transition i.e. April 01, 2019.

In preparing its Ind AS Balance Sheet as at April 01, 2019 and preparing the Comparative information for the period ended March 31, 2020, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Previous GAAP. This notes explain is the principle adjustments made by the Company in restating its financial statements prepared under Previous GAAP for the followings:

- Balance Sheet as at April 01, 2019 (Transition Date);
- Balance Sheet as at March 31, 2020;
- Statements of Profit and Loss for the year ended on March 31, 2020; and
- Statements of Cash Flows for the year ended March 31, 2020.

Ind AS 101- First Time Adoption of Indian Accounting Standard, allow the first time adopters, exemptions from the retrospective application and exemption of certain requirements of the Other Ind AS. The Company has availed the following exemptions as per Ind AS 101.

1) For the financial instruments, where the fair market values are not available (viz. interest free and below market rate security deposits or loans) the Company has elected to adopt fair value recognition prospectively to transactions entered after the date of transition.

2) The Company has elected to consider the Carrying value of all its Property, Plants and Equipment (PPE) and Intangible Assets recognized in the financial statements prepared under Previous GAAP and use the same as Deemed Cost in the Opening Ind AS Financial Statements.

3) The requirements of the ""Ind AS -20, Accounting for Government Grants and Disclosure of Government Assistance"", in respect of recognition and measurement of Government assistance is opted to applied prospectively to all Grants received after the date of transition to Ind AS.

Ind AS 101-First Time Adoption of Indian Accounting Standards, allows the first time adopters to certain exceptions of the Other Ind AS. The Company has availed the following exceptions as per Ind AS 101:

1) Upon as assessment of the estimates made under Previous GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by Previous GAAP.

2) The Company has classified its financial assets in accordance with Ind AS 109- Fair Value Measurements, on the basis of facts and circumstances that exist at the date of transition to Ind AS."

**37.1 Effect of Ind AS adoption on the balance sheet as at April 01, 2019 (₹ in Lakhs)**

Particulars	Notes	As at April 01, 2019 (Date of transition)		
		Previous GAAP#	Ind AS Adjustments	As per Ind AS balance sheet
<b>ASSETS</b>				
<b>(1) Non-Current Assets</b>				
(a) Property, Plant and Equipment		867.97	-	867.97
(b) Capital work-in-progress		-	-	-
(c) Intangible Assets		2.65	-	2.65
(d) Financial Assets				-
(i) Investments		-	-	-
(ii) Loans		-	-	-
(iii) Others		40.56	-	40.56
(e) Deferred Tax Assets (Net)		-	-	-
(f) Other non-current assets		-	-	-
<b>(2) Current Assets</b>				
(a) Inventories		459.50	-	459.50
(b) Financial Assets				-
(i) Investments		-	-	-
(ii) Trade receivables	2	184.33	(10.00)	174.33
(iii) Cash and cash equivalents		4.81	-	4.81
(iv) Bank Balance other than (iii) above		33.60	-	33.60
(v) Loans		4.18	-	4.18
(vi) Other Financial assets		-	-	-
(c) Current Tax Assets (net)		9.03	-	9.03
(d) Other current assets	4	140.52	(11.91)	128.61
<b>Total</b>		<b>1747.14</b>	<b>(21.91)</b>	<b>1725.24</b>

<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital		478.28	-	478.28
(b) Instruments entirely equity in nature		-	-	-
(c) Other Equity	18	459.04	(15.03)	444.01
<b>Liabilities</b>				
<b>(1) Non-Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings		354.97	-	354.97
(ii) Other Financial liabilities		-	-	-
(b) Provisions		-	-	-
(c) Deferred Tax Liabilities (Net)	2	24.59	(0.65)	23.94
(d) Other non-current liabilities	2	7.69	(6.23)	1.45
<b>(2) Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings		90.24	-	90.24
(ii) Trade payables		160.92	-	160.92
(iii) Other financial liabilities		96.55	-	96.55
(b) Other current liabilities		74.87	-	74.87
(c) Provisions		-	-	-
(d) Current Tax Liabilities (net)		-	-	-
<b>Total</b>		<b>1747.14</b>	<b>(21.91)</b>	<b>1725.24</b>

**37.2 Effect of Ind AS adoption on the balance sheet as at March 31, 2020** (₹ in Lakhs)

Particulars	Notes	As at March 31, 2020 (End of last period presented under Previous GAAP)		
		Previous GAAP#	Ind AS Adjustments	As per Ind AS balance sheet
<b>ASSETS</b>				
<b>(1) Non-Current Assets</b>				
(a) Property, Plant and Equipment		926.85	-	926.85
(b) Capital work-in-progress		35.74	-	35.74
(c) Intangible Assets		2.48	-	2.48
(d) Financial Assets				
(i) Investments		-	-	-
(ii) Loans		-	-	-
(iii) Others		33.57	-	33.57
(e) Deferred Tax Assets (Net)		-	-	-
(f) Other non-current assets	2	7.72	(5.59)	2.13
<b>(2) Current Assets</b>				
(a) Inventories		556.53	-	556.53
(b) Financial Assets				
(i) Investments		-	-	-
(ii) Trade receivables	2	251.06	(10.00)	241.06
(iii) Cash and cash equivalents		3.82	-	3.82
(iv) Other bank balances		10.68	-	10.68
(v) Loans		4.95	-	4.95
(vi) Others		-	-	-
(c) Current Tax Assets (net)		4.11	-	4.11
(d) Other current assets	4	68.79	(5.95)	62.84
<b>Total</b>		<b>1906.32</b>	<b>(21.55)</b>	<b>1884.77</b>

<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital		526.11	-	526.11
(b) Instruments entirely equity in nature		-	-	-
(c) Other Equity	18	553.99	(23.56)	530.43
<b>Liabilities</b>				
<b>(1) Non-Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings		266.71	-	266.71
(ii) Other Financial liabilities		-	-	-
(b) Provisions		-	-	-
(c) Deferred Tax Liabilities (Net)	2	49.91	2.01	51.93
(d) Other non-current liabilities				
<b>(2) Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings		165.16	-	165.16
(ii) Trade payables		155.31	-	155.31
(iii) Other financial liabilities		102.51	-	102.51
(b) Other current liabilities		86.62	-	86.62
(c) Provisions		-	-	-
(d) Current Tax Liabilities (net)		-	-	-
<b>Total</b>		<b>1906.32</b>	<b>(21.55)</b>	<b>1884.77</b>

**37.3 Reconciliation of total Equity as on March 31, 2020 and April 01, 2019: (₹ in Lakhs)**

Particulars	Notes	End of last period presented under Previous GAAP#	Date of transition
		As at March 31, 2020	As at April 01, 2019
<b>Total equity (Shareholder's funds) under previous GAAP</b>		1080.10	937.32
<b>Adjustments:</b>			
Difference in Opening Balance of Defined Benefit Obligation	1.1	6.23	6.23
IPO expense balance written off	4	(5.95)	(11.91)
Prior Period Item relating to Employee Benefit	1.1	(11.83)	-
Prior Period Item relating to Deferred Tax Liability	1.2	(2.84)	(2.84)
Prior Period Item relating to Deferred Tax Asset	1.2	0.70	0.70
Adjustment to DTA for FY 2019-20	1.3	0.03	-
Deferred Tax on ECL	2	2.78	2.78
Expected Credit Loss Provision	2	(10.00)	(10.00)
Adjustment to DTL for FY 2019-20	1.3	(2.89)	-
Taxes on adjustments of Actuarial Gain	3	0.20	-
<b>Total adjustments to equity</b>		<b>(23.56)</b>	<b>(15.03)</b>
<b>Total equity under Ind AS</b>		<b>1056.54</b>	<b>922.29</b>

**Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended March 31, 2020** (₹ in Lakhs)

Particulars	Notes	Previous GAAP#	Ind AS Adjustments	As per Ind AS
Revenue from operations		2139.92	-	2139.92
Other income	1.1	10.95	(7.22)	3.74
<b>Total income</b>		2150.87	(7.22)	2143.66
<b>EXPENSES</b>				
Cost of Material Consumed		1451.91	-	1451.91
Changes in inventories of finished goods and work-in-progress		(66.23)	-	(66.23)
Employee Benefits Expense	1.1	246.48	3.91	250.39
Finance Costs		58.84	-	58.84
Depreciation and amortization expense		55.41	-	55.41
Other Expenses		203.10	(5.95)	197.14
<b>Total expenses</b>		1949.51	(2.05)	1947.46
<b>Profit before tax</b>		201.36	(5.17)	196.19
<b>Tax expense:</b>				
<b>(a) Current tax relating to:</b>				
- current year		33.61	-	33.61
- earlier years		-	-	-
<b>(b) Deferred tax</b>	1.3	25.32	2.86	28.18
<b>Profit for the year</b>		142.43	(8.03)	134.40
<b>Other comprehensive income (OCI)</b>				
(a) Items that will not be reclassified to profit or loss				
(i) Re-measurement of the defined benefit plans	3	-	-	(0.70)
- tax impact	3	-	-	0.20
<b>Total Other Comprehensive Income</b>		-	-	(0.51)
<b>Total comprehensive income for the year</b>		142.43	(8.03)	133.90

**Reconciliation of total comprehensive income for the year ended March 31, 2020** (₹ in Lakhs)

Particulars	Notes	As at March 31, 2020 (End of last period presented under Previous GAAP#)
<b>Profit as per previous GAAP</b>		142.43
<b>Adjustments:</b>		
Prior Period Item relating to Employee Benefit	1.1	11.12
Impact of recognition of assets under Ind AS		-
Financial assets carried at Fair Value through Profit or Loss		-
Change in Deferred Tax Asset/Liability	1.3	2.86
IPO expense written off	4	(5.95)
Impact of discounting of Warranty Provisions		-
Impact of taxes on above		-
<b>Total effect of transition to Ind AS</b>		8.03
<b>Profit as per Ind AS</b>		134.40
<b>Other comprehensive income (OCI)</b>		
(a) Items that will not be reclassified to profit or loss		-
(i) Re-measurement of the defined benefit plans	3	(0.70)
- tax impact	3	0.20
<b>Total Other Comprehensive Income</b>		(0.51)
<b>Total Comprehensive Income under Ind AS</b>		133.90

**Reconciliation of Cash Flow****(₹ in Lakhs)**

<b>Particulars</b>	<b>Previous GAAP#</b>	<b>Ind AS Adjustments</b>	<b>As per Ind AS balance sheet</b>
Cash and Cash equivalents as on April 01, 2019	38.40	(123.83)	(85.43)
Cash and Cash equivalents as on March 31, 2020	14.50	(175.84)	(161.34)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(23.90)</b>	<b>(52.01)</b>	<b>(75.91)</b>
Net cash flows from operating activities	139.56	-	139.56
Net cash flows from investing activities	(150.11)	-	(150.11)
Net cash flows from financing activities	(13.34)	(52.01)	(65.35)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(23.90)</b>	<b>(52.01)</b>	<b>(75.91)</b>

# Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this Note.

**Explanatory notes to reconciliation are as under:**

**1. Prior Period Items**

Prior period items: Under Previous GAAP, prior period items were reflected as part of current year expense or income in the statement of profit & loss. Under Ind AS, material prior period items are adjusted to the period to which they relate and in case they relate to the period earlier than period presented, these are adjusted against opening equity of the earliest period presented. Accordingly, following prior period items are given effect to as required.

**1.1** Amount of Rs.6,23,286/- relating to rectification of Opening Balance of post-Employment Benefit Obligation as on April 01, 2019 is adjusted against equity as on the earliest reporting period i.e. April 01, 2019 and consequential effect is given to balance of equity as on March 31, 2020. Figures relating to service cost, interest cost, return on planned asset and actuarial gain for FY 2019-20 and balance of DBO and Planned asset are revised, based on revision of Actuary report due to revision of opening balance and correction of employee data. Amount of Rs. 87832/- relating to incorrect booking of income by way of return on planned asset during FY 2019-20 is reversed. Profit for the year FY 2019-20 is decreased by net amount of Rs. 11, 12,321/- Other Comprehensive Income By Rs. 50,804/- (Net of tax effect of Rs 19,580/-) and balance of equity as on March 31, 2020 is reduced by 11,63,125 due to net effect of these adjustments.

**1.2** Opening balance of DTL provision on temporary timing difference between WDV as per books and as per tax laws is revised due to application of tax rate of 27.82 as compared to earlier provision at tax rate of 25 %. The difference of Rs.2,83,840/- in opening balance of DTL is adjusted in equity as on April 01, 2019. Similarly opening balance of DTA on difference between carrying amount of unamortised qualifying expenditure as per books and as per u/s 35 D of the IT Act 1961 is revised by applying correct tax rate. The difference of Rs. 70,273/- in opening balance of DTA is adjusted in equity as on April 01, 2019. Consequential effects of revisions of both the balances are given to balance of equity as on March 31, 2020.

**1.3** Due to correction of tax rate of DTL and DTA, balances of DTL and DTA are revised by Rs.2,88,264/- and Rs.3,234/- respectively for 2019-20 and profit for the year is reduced to that extent of net Rs.2,85,630/-.



## **2. Expected Credit Loss**

Under Ind AS 109, "Financial Instruments", using simplified approach impairment allowance has been determined based on expected credit loss model (ECL). Accordingly, the company has recognised impairment of its trade receivable of Rs 10 Lac as on April 01, 2019. i.e. the date of transition to IND -AS. Under previous GAAP, the provision for doubtful debts was not made. Accordingly ECL provision of Rs. 10 Lac as on April 01, 2019 is adjusted against Retained Earnings (equity) as on the date of transition i.e. April 01, 2019 and consequential effect is given to balance of equity as on March 31, 2020.

## **3. Remeasurement of post-employment benefit obligations:**

Under Ind AS, Remeasurement i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the Previous GAAP, these Remeasurement were forming part of profit or loss for the year. For the year ended March 31, 2020 due to prior period adjustments as referred to in note no 1.1 Actuarial gain of Rs. 11,25,991/- include in previous GAAP is excluded and fresh actuarial Loss of Rs. 70,384/- (deferred tax impact Rs. 19,580/-) has been recognised in Other Comprehensive Income. Profit for the year is reduced to that extent due to elimination of actuarial gain reported under previous GAAP. However it is a prior period item and its effect is included in net effect of Rs.11,12,321/- on the profit of the year FY 2019-20 referred to in note no 1.1. For total effect on profit and equity including the effect of variation and reclassification of actuarial gain note no 1.1 above may be referred to.

## **4. Misc. Expenditure to the extent not written off:**

As per the previous GAAP, the company has elected to carry the share issue expense (IPO Exp.) and amortised the same over period of three years but as per Ind AS, an amount of Rs.11,90,703/- being balance of unamortised preliminary expenses as on April 01, 2019 has been adjusted to Retained Earning as on April 01, 2019. As per the previous GAAP amount of Rs.5,95,352/- was debited to Profit & Loss for the year. However under Ind As, the same has been removed from the profit & loss consequent to adjustment of opening balance of unamortised Preliminary Expense to Retained earnings as on April 01, 2019. Profit for the year FY 2019-20 has been increased to that extent.

5. As per Ind AS-7, "Statement of Cash Flow", Short Term Borrowing will be classified under the head of "Cash and Cash Equivalents". Pursuant to the application of the said change, Cash flows from financing activities of the Company has increased by Rs.52,00,709.83/- and impacted on Cash and Cash Equivalents of the Company by the same.

## **38. DISCLOSURES ON FINANCIAL INSTRUMENTS**

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2.1(O) to the financial statements.

**(a) Financial assets and liabilities: Category wise Classification**

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities:

**I. Financial assets:**

(₹ in Lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020		As at April 01, 2019	
<b>I. Financial Assets:</b>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
<b>Non-Current</b>						
<b>Measured at fair value through profit or loss (FVTPL)</b>						
(a) Investments in quoted mutual funds	-	-	-	-	-	-
(b) Investments in unquoted mutual funds	-	-	-	-	-	-
(c) Forward Exchange Contracts (Net)	-	-	-	-	-	-
<b>Total (A)</b>	-	-	-	-	-	-
<b>Measured at fair value through other comprehensive income (FVTOCI)</b>						
(a) Investment in Quoted Equity Shares	-	-	-	-	-	-
(a) Investment in Quoted Debentures or Bonds	-	-	-	-	-	-
<b>Total (B)</b>	-	-	-	-	-	-
<b>Measured at amortised cost</b>						
Trade and other receivables	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-	-
Other bank balances	-	-	-	-	-	-
Security Deposit	21.09	21.09	25.18	25.18	27.40	27.40
Term Deposits with more than twelve months of original maturity	-	-	8.38	8.38	8.38	8.38
Other financial assets	-	-	-	-	4.78	4.78
<b>Total (C)</b>	<b>21.09</b>	<b>21.09</b>	<b>33.57</b>	<b>33.57</b>	<b>40.56</b>	<b>40.56</b>
<b>Total (A+B+C)</b>	<b>21.09</b>	<b>21.09</b>	<b>33.57</b>	<b>33.57</b>	<b>40.56</b>	<b>40.56</b>

**Current**

<b>Measured at fair value through profit or loss (FVTPL)</b>						
(a) Investments in quoted mutual funds	-	-	-	-	-	-
(b) Investments in unquoted mutual funds	-	-	-	-	-	-
(c) Forward Exchange Contracts (Net)	-	-	-	-	-	-
<b>Total (A)</b>	-	-	-	-	-	-
<b>Measured at fair value through other comprehensive income (FVTOCI)</b>						
(a) Investment in Quoted Equity Shares	-	-	-	-	-	-
(b) Investment in Quoted Debentures or Bonds	-	-	-	-	-	-
<b>Total (B)</b>	-	-	-	-	-	-
<b>Measured at amortised cost</b>						
Trade and other receivables	172.71	172.71	241.06	241.06	174.33	174.33
Cash and cash equivalents	2.22	2.22	3.82	3.82	4.81	4.81
Other bank balances	8.35	8.35	10.68	10.68	33.60	33.60
Loan to Employees	2.76	2.76	4.95	4.95	4.18	4.18
Other financial assets	0.00	0.00	-	-	-	-
<b>Total (C)</b>	<b>186.04</b>	<b>186.04</b>	<b>260.52</b>	<b>260.52</b>	<b>216.91</b>	<b>216.91</b>
<b>Total (A+B+C)</b>	<b>186.04</b>	<b>186.04</b>	<b>260.52</b>	<b>260.52</b>	<b>216.91</b>	<b>216.91</b>

**II. Financial liabilities:**

(₹ in Lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020		As at April 01, 2019	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
<b><u>Non-Current</u></b>						
<b><u>Measured at amortized cost</u></b>						
Borrowings from Banks	342.21	342.21	261.15	261.15	348.13	348.13
Borrowings from Financial Institutions	-	-	-	-	-	-
Borrowings from Related parties	75.63	75.63	5.55	5.55	6.85	6.85
<b>Total</b>	<b>417.84</b>	<b>417.84</b>	<b>266.71</b>	<b>266.71</b>	<b>354.97</b>	<b>354.97</b>
<b><u>Current</u></b>						
<b><u>Measured at amortized cost</u></b>						
Short term borrowings	142.85	142.85	165.16	165.16	90.24	90.24
Trade payables	94.94	94.94	155.31	155.31	160.92	160.92
Other financial liabilities	167.32	167.32	102.51	102.51	96.55	96.55
<b>Total</b>	<b>405.11</b>	<b>405.11</b>	<b>422.98</b>	<b>422.98</b>	<b>347.70</b>	<b>347.70</b>
<b>Total (A+B)</b>	<b>822.95</b>	<b>822.95</b>	<b>689.68</b>	<b>689.68</b>	<b>702.68</b>	<b>702.68</b>

The Company has determined that the carrying values of cash and cash equivalents, bank balances, trade receivables, short term loans, floating rate loans, trade payables, short term debts and borrowings, bank overdrafts and other current liabilities are a reasonable approximation of their fair value and hence their carrying value are deemed to be fair value.

(b) Following table provides Fair value measurement hierarchy of financial instruments not measured at fair value as at March 31, 2021 on a recurring basis, other than those with carrying amounts that are reasonable approximations of its fair value.

Quantitative Disclosure of Fair value measurement hierarchy as on March 31, 2021 (₹ in Lakhs)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant un-observable inputs (Level 3)	
<b><u>Financial Assets</u></b>					
<b><u>Non-Current</u></b>					
Bank deposits	-	-	-	-	-
Security Deposits	21.09	-	21.09	-	21.09
Other advances	-	-	-	-	-
<b>Total (A)</b>	<b>21.09</b>	<b>-</b>	<b>21.09</b>	<b>-</b>	<b>21.09</b>
<b><u>Current</u></b>					
Cash and cash equivalents	-	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	-	-	-
Trade receivables	-	-	-	-	-
Other receivables	-	-	-	-	-
Loan to Employees	2.76	-	2.76	-	2.76
Investments	-	-	-	-	-
Other financial assets	-	-	-	-	-
<b>Total (B)</b>	<b>2.76</b>	<b>-</b>	<b>2.76</b>	<b>-</b>	<b>2.76</b>
<b>Total (A+B)</b>	<b>23.85</b>	<b>-</b>	<b>23.85</b>	<b>-</b>	<b>23.85</b>
<b><u>Financial Liabilities</u></b>					
<b><u>Non-Current</u></b>					
Borrowings (other than debt securities)	417.84	-	417.84	-	417.84
<b>Total (C)</b>	<b>417.84</b>	<b>-</b>	<b>417.84</b>	<b>-</b>	<b>417.84</b>

<b>Current</b>					
Trade payables	-	-	-	-	-
Other payables	-	-	-	-	-
Debt Securities	-	-	-	-	-
Borrowings (other than debt securities)	142.85	-	142.85	-	142.85
Deposits	-	-	-	-	-
Subordinated debts	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
<b>Total (D)</b>	<b>142.85</b>	<b>-</b>	<b>142.85</b>	<b>-</b>	<b>142.85</b>
<b>Total (C+D)</b>	<b>560.69</b>	<b>-</b>	<b>560.69</b>	<b>-</b>	<b>560.69</b>

Quantitative Disclosure of Fair value measurement hierarchy as on March 31, 2020 (₹ in Lakhs)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant un-observable inputs (Level 3)	
<b><u>Financial Assets</u></b>					
<b><u>Non-Current</u></b>					
Bank deposits	25.18	-	25.18	-	25.18
Security Deposits	8.38	-	8.38	-	8.38
Other advances	-	-	-	-	-
<b>Total (A)</b>	<b>33.57</b>	<b>-</b>	<b>33.57</b>	<b>-</b>	<b>33.57</b>
<b><u>Current</u></b>					
Cash and cash equivalents	-	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	-	-	-
Trade receivables	-	-	-	-	-
Other receivables	-	-	-	-	-
Loan to Employees	4.95	-	4.95	-	4.95
Investments	-	-	-	-	-
Other financial assets	-	-	-	-	-
<b>Total (B)</b>	<b>4.95</b>	<b>-</b>	<b>4.95</b>	<b>-</b>	<b>4.95</b>
<b>Total (A+B)</b>	<b>38.52</b>	<b>-</b>	<b>38.52</b>	<b>-</b>	<b>38.52</b>
<b><u>Financial Liabilities</u></b>					
<b><u>Non-Current</u></b>					
Borrowings (other than debt securities)	266.71	-	266.71	-	266.71
<b>Total (C)</b>	<b>266.71</b>	<b>-</b>	<b>266.71</b>	<b>-</b>	<b>266.71</b>
<b><u>Current</u></b>					
Trade payables	-	-	-	-	-
Other payables	-	-	-	-	-
Debt Securities	-	-	-	-	-
Borrowings (other than debt securities)	165.16	-	165.16	-	165.16
Deposits	-	-	-	-	-
Subordinated debts	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
<b>Total (D)</b>	<b>165.16</b>	<b>-</b>	<b>165.16</b>	<b>-</b>	<b>165.16</b>
<b>Total (C+D)</b>	<b>431.87</b>	<b>-</b>	<b>431.87</b>	<b>-</b>	<b>431.87</b>

Quantitative Disclosure of Fair value measurement hierarchy as on March 31, 2019 (₹ in Lakhs)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant un-observable inputs (Level 3)	
<b><u>Financial Assets</u></b>					
<b><u>Non-Current</u></b>					
Bank deposits	27.40	-	27.40	-	27.40
Security Deposits	8.38	-	8.38	-	8.38
Other advances	4.78	-	4.78	-	4.78
<b>Total (A)</b>	<b>40.56</b>	<b>-</b>	<b>40.56</b>	<b>-</b>	<b>40.56</b>
<b><u>Current</u></b>					
Cash and cash equivalents	-	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	-	-	-
Trade receivables	-	-	-	-	-
Other receivables	-	-	-	-	-
Loan to Employees	4.18	-	4.18	-	4.18
Investments	-	-	-	-	-
Other financial assets	-	-	-	-	-
<b>Total (B)</b>	<b>4.18</b>	<b>-</b>	<b>4.18</b>	<b>-</b>	<b>4.18</b>
<b>Total (A+B)</b>	<b>44.74</b>	<b>-</b>	<b>44.74</b>	<b>-</b>	<b>44.74</b>
<b><u>Financial Liabilities</u></b>					
<b><u>Non-Current</u></b>					
Borrowings (other than debt securities)	354.97	-	354.97	-	354.97
<b>Total (C)</b>	<b>354.97</b>	<b>-</b>	<b>354.97</b>	<b>-</b>	<b>354.97</b>
<b><u>Current</u></b>					
Trade payables	-	-	-	-	-
Other payables	-	-	-	-	-
Debt Securities	-	-	-	-	-
Borrowings (other than debt securities)	90.24	-	90.24	-	90.24
Deposits	-	-	-	-	-
Subordinated debts	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
<b>Total (D)</b>	<b>90.24</b>	<b>-</b>	<b>90.24</b>	<b>-</b>	<b>90.24</b>
<b>Total (C+D)</b>	<b>445.21</b>	<b>-</b>	<b>445.21</b>	<b>-</b>	<b>445.21</b>

There has been no transfer between level 1, level 2 and level 3 for the years ended March 31, 2021 and March 31, 2020.

Particulars	Fair value hierarchy	Valuation Technique	Inputs used
<b>Financial assets measured at amortised cost</b>			
Security Deposits	Level 2	Amortised Cost	Prevailing interest rates in the market, Future pay-outs
Term Deposits with more than twelve months of original maturity			
Other advances			
Loan to Employees			
<b>Financial liabilities measured at amortised cost</b>			
Borrowings (other than debt securities)	Level 2	Amortised Cost	Prevailing interest rates in the market, Future pay-outs

The fair value of borrowings which have a quoted market price in an active market is based on its market price and for other borrowings the fair value is estimated by discounting expected future cash flows, using a discount rate equivalent to the risk-free rate of return, adjusted for the credit spread considered by the lenders for instruments of similar maturity.

Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realized or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

#### Offsetting:

Certain financial assets and financial liabilities are subject to offsetting where there is currently a legally enforceable right to set off recognized amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability, simultaneously.

(₹ in Lakhs)			
Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Financial assets</b>			
<b>Trade receivables and unbilled revenues</b>			
Gross amounts of recognized financial assets	36.93	61.94	-
Gross amounts of recognized financial liabilities set off in the balance sheet	29.05	25.29	-
<b>Net amounts of financial assets presented in the balance sheet</b>	7.88	36.64	-
<b>Financial liabilities</b>			
<b>Trade payables</b>			
Gross amounts of recognized financial liabilities	29.09	62.44	-
Gross amounts of recognized financial assets set off in the balance sheet	29.05	25.29	-
<b>Net amounts of financial liabilities presented in the balance sheet</b>	0.04	37.14	-

#### (c) Financial risk management:

"The Company's principal financial liabilities comprises of loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below."

**(a) Market risk:**

Market risk is the risk that changes in market prices- such as foreign exchange rates, interest rates and equity prices- will affect the Company's income or the value of its holdings of financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. The major components of market risk are foreign currency risk, interest rate risk and price risk.

**(I) Foreign Currency Risk:**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

(₹ in Lakhs)

Foreign Currency Exposure USD	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Assets	1.57	0.48	59.77
Liabilities	-	-	-

Foreign Currency Exposure EURO	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Assets	-	10.63	5.13
Liabilities	-	-	-

The Company has not entered in to any forward contracts to hedge its foreign exposures and therefore there are no outstanding forward contracts at the year end (as at March 31, 2020 and as at April 01, 2019: Nil).

**Foreign Currency Sensitivity:**

"The Company is principally exposed to foreign currency risk against USD and EURO Sensitivity of profit or loss arises mainly from USD/ EURO denominated receivables and payables.

As per management's assessment of reasonable possible changes in the exchange rate of +/- 5% between USD-INR currency pair, sensitivity of profit or loss only on outstanding foreign currency denominated monetary items at the period end is presented below:"

(₹ in Lakhs)

USD sensitivity at year end	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Assets:</b>			
Weakening of INR by 5%	(0.08)	(0.02)	(2.99)
Strengthening of INR by 5%	0.08	0.02	2.99
<b>Liabilities:</b>			
Weakening of INR by 5%	-	-	-
Strengthening of INR by 5%	-	-	-

EURO sensitivity at year end	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Assets:</b>			
Weakening of INR by 5%	-	(0.53)	(0.26)
Strengthening of INR by 5%	-	0.53	0.26
<b>Liabilities:</b>			
Weakening of INR by 5%	-	-	-
Strengthening of INR by 5%	-	-	-

**(II) Interest rate risk:**

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs.

The Company is subject to variable interest rates on some of its interest bearing liabilities. The Company's interest rate exposure is mainly related to debt obligations. The Company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short-Term Bank Borrowing.

<b>Interest Rate Risk Exposure</b>		<b>(₹ in Lakhs)</b>	
<b>Particulars</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Variable Rate Borrowing	609.69	502.72	504.24
Fix Rate Borrowing	97.20	18.01	22.58

<b>Sensitivity Analysis</b>		<b>(₹ in Lakhs)</b>	
<b>Particulars</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Interest Rate - Increase by 70 Basis Points	(4.27)	(3.52)	(3.53)
Interest Rate - Decrease by 70 Basis Points	4.27	3.52	3.53

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag.

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. (Note: The impact is indicated on the profit/(loss) before tax basis).

**(III) Other Price risk:**

Other Price Risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. Other price risk arises from financial instruments such as investments in equity instruments, mutual funds and bonds. The company has no such investments hence is not exposed to price risks from such investments.

The Company is not exposed to price risk arising from investment in fixed deposits with banks.

**(b) Credit Risk:**

Credit Risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposures are continuously monitored.



Credit risks arising from other balances with banks is limited and there is no collateral held against these because the counter parties are recognised banks. Balances with banks were not past due or impaired as at the year end. In other financial assets that are not past dues and not impaired, there were no indication of default in repayment as at the year end.

Credit risk arising from trade receivables is managed in accordance with the company's established policy, procedures and control relating to customer credit risk management. Credit quality of customer is assessed based on study of credit worthiness of customer. The concentration of credit risk is limited due to the fact that the customer base is large. There is no customer representing more than 5 % total balance of trade receivables. The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

**The loss allowance for trade receivables using expected credit losses for different ageing periods are as follows:** (₹ in Lakhs)

Particulars	Not due	0-6 months past due past due		>6 months	Total
<b>As at March 31, 2021</b>					
Gross carrying amount	87.29	37.33	43.07	28.45	196.14
Loss allowance provision				10.62	10.62
Net	87.29	37.33	43.07	17.83	185.52
<b>As at March 31, 2020</b>					
Gross carrying amount	85.60	78.61	63.33	24.82	252.36
Loss allowance provision				10.00	10.00
Net	85.60	78.61	63.33	24.82	242.36
<b>As at March 31, 2019</b>					
Gross carrying amount	97.64	38.00	22.32	26.36	184.33
Loss allowance provision					
Net	97.64	38.00	22.32	26.36	184.33

**Reconciliation of loss allowance for Trade Receivables:** (₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
<b>Loss allowance as at the beginning of the year</b>	10.00	10.00	10.00
Additions during the year	10.62	-	-
Amounts written off during the year	-	-	-
Amount of loss reversed / written back	-	-	-
Transferred on account of transfer of business	-	-	-
<b>Balance as at the end of the year</b>	20.62	10.00	10.00
Of the trade receivables written off during the year, amount still subject to enforcement activity			

**(c) Liquidity risk:**

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents and availability of funding through an adequate amount of committed credit facilities to meet the obligations when due. Management monitors rolling forecasts of liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, liquidity management also involves projecting cash flows considering level of liquid assets necessary to meet obligations by

matching the maturity profiles of financial assets & liabilities and monitoring balance sheet liquidity ratios.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The information included in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(₹ in Lakhs)

Particulars	Less than 1 year	1-3 Years past due	3 Years to 5 Years	5 Years and above
<b>As at March 31, 2021</b>				
Interest-free sales tax deferral loans from State Government				
Short term borrowings	142.85	-	-	-
Long term borrowings	146.21	396.20	19.05	-
Trade payables	94.94	-	-	-
Other Financial Liabilities	67.64	-	-	-
Financial Guarantee	-	-	-	-
<b>Total</b>	<b>451.64</b>	<b>396.20</b>	<b>19.05</b>	<b>-</b>
<b>As at 31st March, 2020</b>				
Interest-free sales tax deferral loans from State Government				
Short term borrowings	165.16	-	-	-
Long term borrowings	89.40	266.17	-	-
Trade payables	155.31	-	-	-
Other Financial Liabilities	86.62	-	-	-
Financial Guarantee	-	-	-	-
<b>Total</b>	<b>496.49</b>	<b>266.17</b>	<b>-</b>	<b>-</b>
<b>As at 31st March, 2019</b>				
Interest-free sales tax deferral loans from State Government				
Short term borrowings	90.24	-	-	-
Long term borrowings	82.27	302.37	49.82	-
Trade payables	160.92	-	-	-
Other Financial Liabilities	74.87	-	-	-
Financial Guarantee	-	-	-	-
<b>Total</b>	<b>408.29</b>	<b>302.37</b>	<b>49.82</b>	<b>-</b>

The following table details the Company's expected maturity for its non-derivative financial assets. The information included in the table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(₹ in Lakhs)

Particulars	Less than 1 year	1-3 Years past due	3 Years to 5 Years	5 Years and above
<b>As at 31st March, 2021</b>				
Trade and other receivables	145.68	8.01	19.02	-
Investments in Mutual Funds	-	-	-	-
Loans	2.76	-	-	-
Other Financial Assets	9.87	-	-	-
<b>Total</b>	<b>158.30</b>	<b>8.01</b>	<b>19.02</b>	<b>-</b>
<b>As at 31st March, 2020</b>				
Trade and other receivables	221.04	3.86	16.17	-
Investments in Mutual Funds	-	-	-	-
Loans	4.95	-	-	-
Other Financial Assets	62.84	-	-	-
<b>Total</b>	<b>288.83</b>	<b>3.86</b>	<b>16.17</b>	<b>-</b>
<b>As at 31st March, 2019</b>				
Trade and other receivables	174.33	17.42	-	-
Investments in Mutual Funds	-	-	-	-
Loans	4.18	-	-	-
Other Financial Assets	128.61	-	-	-
<b>Total</b>	<b>307.12</b>	<b>17.42</b>	<b>-</b>	<b>-</b>

The Company has access to committed credit facilities as described below, of which the amount mentioned below were unused at the end of the reporting year (as at March 31, 2021 and at March 31, 2020 and March 31, 2019). The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

### Committed credit facilities

CC Limit (₹ in Lakhs)

secured bank overdraft facility, reviewed annually and payable at call	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Amount used	142.85	165.16	90.24
Amount unused	207.15	184.84	159.76
<b>CC Limit</b>	<b>350.00</b>	<b>350.00</b>	<b>250.00</b>

LC (₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Amount used	-	-	125.00
Amount unused	125.00	125.00	-
<b>LC Limit</b>	<b>125.00</b>	<b>125.00</b>	<b>125.00</b>

LC Limit (Sub-Limit)		(₹ in Lakhs)	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Amount used	-	-	-
Amount unused	200.00	200.00	200.00
LC Limit (Sub-Limit)	200.00	200.00	125.00

CAPEX LC Sub-Limit		(₹ in Lakhs)	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Amount used	-	-	-
Amount unused	260.00	260.00	-
CAPEX Limit (Sub-Limit)	260.00	260.00	-

### 39. 39.1 Defined Contribution Plan

The Company makes contribution towards Employee Provident Fund and Superannuation Fund. The Company is required to contribute specified percentage of payroll cost.

The Company has recognised the following amounts in the Statement of Profit and Loss:

		(₹ in Lakhs)
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Contribution to Provident Fund	19.28	15.43
Contribution to Superannuation Fund	-	-
<b>TOTAL</b>	<b>19.28</b>	<b>15.43</b>

### 39.2 Defined Benefits Plan

#### Gratuity

15 days salary for each completed year of service. Vesting period is 5 years and the payment is at actual on superannuation, resignation, termination, disablement or on death. The liability for gratuity as above is recognised on the basis of actuarial valuation.

The Company makes contribution to Life Insurance Corporation (LIC) for gratuity benefits according to the Payment of Gratuity Act, 1972.

The Company recognizes the liability towards the gratuity at each Balance Sheet date.

The most recent actuarial valuation of the defined benefit obligation for gratuity was carried out at March 31, 2021 by an actuary. 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, which recognises each period of service as giving rise to additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Scheme is funded through LIC.

These plans typically expose the Company to risks such as: Actuarial risk, Investment risk, Liquidity risk, Market risk and Legislative risk.

Actuarial risk	<p>It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:</p> <p>Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.</p> <p>Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.</p> <p>Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.</p>
Investment risk	For funded plans they rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter valuation period.
Liquidity risk	Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cash flows.
Market risk	Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
Legislative risk	Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

No other post-retirement benefits are provided to these employees.

**39.3** The following tables summarise the components of defined benefit expenses recognized in the Statement of Profit and Loss / Other Comprehensive Income and amount recognized in the Balance Sheet for the respective plans:

i) Statement showing the Present Value of the Obligations and Planned Assets

(₹ in Lakhs)

Present Value of the Obligations	For the year ended March 31, 2021	For the year ended March 31, 2020	As at April 01, 2019
<b>Present Value of Obligation at the beginning of the period</b>	<b>10.60</b>	5.56	-
Interest Cost	<b>0.72</b>	0.43	5.56
Current Service Cost	<b>4.24</b>	3.48	-
Past Service Cost Benefit Paid (If Any)	-	-	-
Actuarial (Gain) / Loss	<b>0.31</b>	1.13	-
<b>Present Value of Obligation at the end of the period</b>	<b>15.88</b>	10.60	5.56

(₹ in Lakhs)

Planned Assets	For the year ended March 31, 2021	For the year ended March 31, 2020	As at April 01, 2019
<b>Fair value of Planned Assets at the beginning of the period</b>	<b>12.58</b>	4.11	-
Actuarial (Gain) / Loss	<b>0.82</b>	0.88	-
Contribution by employer	<b>5.23</b>	7.59	4.11
<b>Fair value of Planned Assets at the end of the period</b>	<b>18.63</b>	12.58	4.11

## ii) Bifurcation of Total Actuarial Gain / (Loss) on Liabilities and Assets

(₹ in Lakhs)

Bifurcation of Total Actuarial Gain / (Loss) on Liabilities	For the year ended March 31, 2021	For the year ended March 31, 2020	As at April 01, 2019
Changes in Demographics Assumptions (Mortality)	-	-	-
Changes in Financial Assumptions	-	0.99	-
Experience Adjustments (Gain) / Loss for Plan Liabilities	<b>0.31</b>	0.14	-
<b>Total Amount recognized in Other Comprehensive Income</b>	<b>0.31</b>	1.13	-

(₹ in Lakhs)

Bifurcation of Total Actuarial Gain / (Loss) on Assets	For the year ended March 31, 2021	For the year ended March 31, 2020	As at April 01, 2019
Return on Planned Assets	<b>0.18</b>	(0.43)	-
<b>Total Amount recognized in Other Comprehensive Income</b>	<b>0.18</b>	(0.43)	-

## iii) Key Results

(₹ in Lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020	As at April 01, 2019
Present Value of the Obligation at the end of the period	(15.88)	(10.60)	(5.56)
Fair Value of Plan Assets at the end of the period	18.63	12.58	4.11
Net liability / (assets) to be recognized in the Balance Sheet	-	-	-
Funded Status Surplus / (Deficit)	2.75	1.98	-1.45

## iv) Expenses recognized in the Statement of Profit and Loss

(₹ in Lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020	As at April 01, 2019
Interest Cost	0.72	0.43	5.56
Current Service Cost	4.24	3.48	-
Past Service Cost	-	-	-
Expected return on plan assets	1.00	0.45	-
Expenses to be recognized in the Statement of Profit and Loss	3.96	3.46	5.56

## v) Other Comprehensive (Income) / Expenses (Re-measurements)

(₹ in Lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020	As at April 01, 2019
Opening Cumulative Unrecognized Actuarial (Gain) / Loss	0.70	-	-
Actuarial (Gain) / Loss - Obligation	0.31	1.13	-
Actuarial (Gain) / Loss - Plan Assets	0.18	(0.43)	-
Total Actuarial (Gain) or Loss	0.49	0.70	-
Closing Cumulative Unrecognized Actuarial (Gain) / Loss	1.20	0.70	-

## vi) Net Interest Cost

(₹ in Lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020	As at April 01, 2019
Interest Cost on Defined Benefit Plans	0.72	0.43	5.56
Interest Income on Plan Assets Net Interest Cost	(1.00)	(0.45)	-
Net Interest Cost	(0.28)	(0.02)	5.56

## vii) Experience Adjustments

(₹ in Lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020	As at April 01, 2019
Experience Adjustments (Gain) / Loss - Plan Liabilities	0.31	0.14	-
Experience Adjustments (Gain) / Loss - Plan Assets	-	-	-

## viii) Summary of Membership Data at the date of valuation and statistics based thereon

	For the year ended March 31, 2021	For the year ended March 31, 2020	As at April 01, 2019
Number of Employee	101.00	81.00	87.00
Total Monthly Salary	11,06,456.00	8,93,688.00	8,78,226.00
Average Past Service (Years)	2.70	2.46	1.53
Average Future Service (Years)	27.18	26.32	27.74
Average Age (Years)	32.82	33.68	32.26
Weighted Average duration (based on discounted cash flows) in years	11.54	11.73	11.90
Average Monthly Salary	10,955.00	11,033.00	10,095.00

ix) Assumptions

	For the year ended March 31, 2021	For the year ended March 31, 2020	As at April 01, 2019
Discount Rate (Per Annum)	6.85%	6.85%	7.70%
Salary Growth Rate (Per Annum)	6.00%	6.00%	6.00%
Mortality	IALM 2012 - 14 Table	IALM 2012 - 14 Table	IALM 2012 - 14 Table
Withdrawal Rate (Per Annum)	10.00% p.a at younger ages reducing to 2.00% p.a % at older ages	10.00% p.a at younger ages reducing to 2.00% p.a % at older ages	10.00% p.a at younger ages reducing to 2.00% p.a % at older ages

The estimate of rate of escalation in Salary considered in Actuarial Valuation, taken into the account in action, seniority, promotions and other relevant factors including supply and demand in the employment market. The above information is certified by the Actuary.

x) Benefits Valued

	For the year ended March 31, 2021	For the year ended March 31, 2020	As at April 01, 2019
Normal Retirement Age (Years)	60	60	60
Salary	Last Drawn Basic Salary including Dearness Allowance (if any)	Last Drawn Basic Salary including Dearness Allowance (if any)	Last Drawn Basic Salary including Dearness Allowance (if any)
Vesting conditions	5 years of continuous service (Not applicable in case of death/disability)	5 years of continuous service (Not applicable in case of death/disability)	5 years of continuous service (Not applicable in case of death/disability)
Vesting Period	5 Years of continues Service	5 Years of continues Service	5 Years of continues Service
Benefits on Normal Retirements	15/26 * Salary * Past Service (Years)	15/26 * Salary * Past Service (Years)	15/26 * Salary * Past Service (Years)
Benefit on early exit due to death and disability	As mentioned above except no vesting conditions apply	As mentioned above except no vesting conditions apply	As mentioned above except no vesting conditions apply
Limit	20,00,000	20,00,000	20,00,000

xi) Bifurcation of Liabilities

(₹ in Lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020	As at April 01, 2019
Current Liabilities (Short Term)	(2.75)	(1.98)	1.45
Non-Current Liabilities (Long Term) Total Liability	-	-	-
	(2.75)	(1.98)	1.45



xii) Expected Contribution during next Annual Reporting Period (₹ in Lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020	As at April 01, 2019
The Company's best estimate of contribution during the next year	5.36	4.25	1.45

xiii) Maturity Profile of Defined Benefit Obligation - Weighted Average

	For the year ended March 31, 2021	For the year ended March 31, 2020	As at April 01, 2019
Weighted Average Duration (based on discounted cash flows) in Years	11.54	11.73	11.90

xiv) Maturity Profile of Defined Benefit Obligation - Benefit Obligations (₹ in Lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020	As at April 01, 2019
Year 1	0.15	0.11	0.05
Year 2	1.03	0.11	0.08
Year 3	1.30	0.75	0.08
Year 4	1.50	0.97	0.49
Year 5	1.07	1.10	0.62
Year 6 to 10	7.35	4.77	2.49

xv) Sensitivity Analysis

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below:

	For the year ended March 31, 2021	For the year ended March 31, 2020	As at April 01, 2019
Liability with x 0.50 % Increase in Discount Rate	15.03	10.00	5.24
Liability with x 0.50 % Decrease in Discount Rate	16.81	11.26	5.91
Liability with x 0.50 % Increase in Salary Growth Rate	16.75	11.23	5.91
Liability with x 0.50 % Decrease in Salary Growth Rate	15.04	10.01	5.24
Liability with x 10 % Increase in Withdrawal Rate	15.82	10.51	5.51
Liability with x 10 % Decrease in Withdrawal Rate	15.93	10.69	5.62

xvi) Reconciliation of Liability of Balance Sheet (₹ in Lakhs)

	For the year ended March 31, 2021	For the year ended March 31, 2020	As at April 01, 2019
Opening Gross Defined Benefit Liability / (Assets)	(1.98)	1.45	-
Expense recognized in Statement of Profit and Loss	3.96	3.46	5.56
Other Comprehensive Income - Actuarial (Gain) / Loss - Total Current Period	0.49	0.70	-
Contribution paid if any	(5.23)	(7.59)	(4.11)
Benefit Paid (If Any)	-	-	-
Closing Gross Defined Benefit Liability / (Assets)	(2.75)	(1.98)	1.45

**40. RELATED PARTY DISCLOSURES****40.1 Disclosure with respect to Indian Accounting Standard (Ind AS 24) on Related Parties:**

<b>Name of Related Parties</b>	<b>Nature of Relationship</b>
Moti Industries (Director is partner in above firm)	<b>Associate Company</b>
Mr. Amar Doshi (Managing Director) Mr. Karan Doshi (Whole-time Director) Mr. Monish Doshi (Director & CFO Mr. Ankitkumar Tank (Company Secretary, Resigned w.e.f. 16 <sup>th</sup> January, 2021) Mr. Nitinkumar Maniya (Company Secretary, Appointed w.e.f. 16 <sup>th</sup> January, 2021)	<b>Key Management Personnel (KMP)</b>
Mrs. Radhika Doshi (Spouse of Mr. Amar Doshi) Mrs. Toral Doshi (Spouse of Mr. Karan Doshi) Mrs. Bhoomi Doshi (Spouse of Mr. Monish Doshi) Amar Doshi – HUF (HUF of Mr. Amar Doshi) Monish Doshi – HUF (HUF of Mr. Monish Doshi) Karan Doshi – HUF (HUF of Mr. Karan Doshi) Mr. Chinubhai Doshi (Father of Mr. Amar Doshi)	<b>Relative of Key Management Personnel</b>

**40.2 The following transactions were carried out with the related parties in ordinary course of business during the year: (₹ in Lakhs)**

<b>Particulars</b>	<b>2020-21</b>	<b>2019-20</b>	<b>Relationship</b>
Mr. Amar Doshi			Key Management Personnel (KMP)
Payment of Interest on Loan	3.82	0.72	
Payment of Salary	25.30	26.40	
Mr. Karan Doshi			Key Management Personnel (KMP)
Payment of Interest on Loan	0.73	0.56	
Payment of Salary	21.85	22.80	
Moti Industries			Associate Company
Payment of Rent Expenses	1.20	1.24	
Mr. Chinubhai Doshi			Relative of Key Management Personnel
Payment of professional Fees	7.00	5.40	
Mr. Monsih Doshi			Key Management Personnel (KMP)
Payment of Interest on Loan	0.39	-	
Payment of Salary	21.85	22.80	
Mr. Ankitkumar Tank			Key Management Personnel (KMP)
Payment of Salary	2.74	3.65	
Mr. Nitinkumar Maniya			Key Management Personnel (KMP)
Payment of Salary	0.81	-	
Mrs. Bhoomi Monish Doshi			Relative of Key Management Personnel
Payment of Salary	1.50	-	
Mrs. Toral Karan Doshi			Relative of Key Management Personnel
Payment of Salary	1.50	-	
Mrs. Radhika Amar Doshi			Relative of Key Management Personnel
Payment of Salary	1.50	-	

#### 40.3 Compensation of Key Management Personnel

The remuneration of director and other members of Key Management Personnel during the year were as follows:

(₹ in Lakhs)

	2020-21	2019-20
Short-term benefits	50.70	52.85

#### 40.4 Balance as at:

(₹ in Lakhs)

Particulars	Relationship	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
Payable				
Moti Industries - Rent	Group Company	0.80	0.20	0.30
Chinubhai Somabhai Doshi - Pro. Fees	Relative of Director	0.56	-	-
Amar Chinubhai Doshi - Salary	Promoter	1.43	1.36	1.51
Monish Amar Doshi - Salary	Promoter	1.28	1.28	1.28
Karan Aamr Doshi -Salary	Promoter	1.28	1.28	1.28
Radhika Doshi - Salary	Promoter	0.37	-	-
Bhoomi Monish Doshi - Salary	Promoter	0.27	-	-
Toral Karan Doshi - Salary	Promoter	0.27	-	-
Nitin Maniya CS - Salary	KMP	0.29	-	-
Ankit Tank CS Salary	KMP	-	0.11	0.24
Unsecured Borrowing				
Mr. Amar Doshi		57.12	2.59	1.49
Mr. Karan Doshi		11.55	2.37	4.74
Mr. Monish Doshi		6.96	0.59	0.61

#### 40.5 Terms and conditions of transactions with related parties

- 1) Transaction entered into with related parties is made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances other than loan given & taken and fair values of financial guarantee contract, at the year-end are unsecured and interest free and settlement occurs in cash.
- 2) Loans in INR taken from the related party carries interest rate 10 % (10 % for year ended March 31, 2020 and March 31, 2019).
- 3) There is no allowance account for impaired receivables in relation to any outstanding balances and no expense has been recognised in respect of impaired receivables due from related parties.
- 4) All Outstanding balances are unsecured and are repayable in cash.

#### 41. SEGMENT REPORTING

##### Basis of Segmentation

##### Factors used to identify the reportable segments:

The Company has following business segments, which are its reportable segments. These segments offer different products and services, and are managed separately because they require different technology and production processes. Operating segment disclosures are consistent with the information provided to and reviewed by the chief operating decision maker.

Reportable Segment	Products/Services
(1) Elevator Division	Elevator Cabins, Doors & Frame, Elevator Parts etc.
(2) Electrical Division	Distribution Board & Box, Busbar & MS Box etc.
(3) Steel Polishing Division	SS Polishing of Mirror & Matt, SS Press Plate, SS Designer Sheet etc.
(4) Unallocated	-

The measurement principles of segments are consistent with those used in Significant Accounting Policies. There are no inter-segment transfers. (₹ in Lakhs)

	Year 2021-20					Year 2019-20				
	Elevator Division	Electrical Division	Steel Polishing Division	Others	Total	Elevator Division	Electrical Division	Steel Polishing Division	Others	Total
<b>A. SEGMENT REVENUE</b>	<b>1591.28</b>	<b>131.58</b>	<b>769.59</b>	<b>-</b>	<b>2492.44</b>	<b>1836.71</b>	<b>139.21</b>	<b>163.99</b>	<b>-</b>	<b>2139.92</b>
<b>B. SEGMENT RESULT</b>	<b>666.07</b>	<b>66.89</b>	<b>(235.97)</b>	<b>(212.06)</b>	<b>284.93</b>	<b>694.11</b>	<b>66.90</b>	<b>(270.10)</b>	<b>(242.29)</b>	<b>248.63</b>
<b>C. SPECIFIED AMOUNTS INCLUDED IN SEGMENT RESULTS</b>										
Depreciation and amortisation	0.03	-	46.25	16.99	63.27	0.02	-	39.17	16.22	55.41
Interest Income	-	-	2.25	-	2.25	0.95	-	0.32	0.95	2.22
Net foreign exchange loss	-	-	-	-	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-	-	-	-	-
Dividend Income	-	-	-	-	-	-	-	-	-	-
<b>D. RECONCILIATION OF SEGMENT RESULT WITH PROFIT AFTER TAX</b>										
<b>SEGMENT RESULT</b>	<b>666.07</b>	<b>66.89</b>	<b>(235.97)</b>	<b>(212.06)</b>	<b>284.93</b>	<b>694.11</b>	<b>66.90</b>	<b>(270.10)</b>	<b>(242.29)</b>	<b>248.63</b>
Add/(Less):	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	0.39	0.39	-	-	-	0.95	0.95
Depreciation and amortisation	-	-	-	-	-	-	-	-	-	-
Net foreign exchange gain	-	-	-	-	-	-	-	-	-	-
Dividend received	-	-	-	-	-	-	-	-	-	-

Net gain arising on financial assets measured at FVTPL	-	-	-	-	-	-	-	-	-	-
Gain on sale of financial assets measured at FVTPL	-	-	-	-	-	-	-	-	-	-
Finance costs	-	-	-	(44.20)	(44.20)	(5.47)	-	(34.06)	(14.36)	(53.89)
Exceptional items	-	-	-	-	-	-	-	-	-	-
Income taxes	-	-	-	-	(52.92)	-	-	-	-	(61.79)
Other Un-allocable Expenses net of Un-allocable Income	-	-	-	4.50	4.50	-	-	-	0.50	0.50
<b>PROFIT AFTER TAX AS PER STATEMENT OF PROFIT AND LOSS</b>	<b>666.07</b>	<b>66.89</b>	<b>(235.97)</b>	<b>(251.36)</b>	<b>192.70</b>	<b>688.64</b>	<b>66.90</b>	<b>(304.15)</b>	<b>(255.20)</b>	<b>134.40</b>
<b>E. OTHER INFORMATION</b>										
Segment assets	543.79	44.33	1424.38	-	2012.51	559.48	56.19	1026.60	-	1642.27
Un-allocable assets	-	-	-	162.42	162.42	-	-	-	242.51	242.51
<b>Total assets</b>	<b>543.79</b>	<b>44.33</b>	<b>1424.38</b>	<b>162.42</b>	<b>2174.92</b>	<b>559.48</b>	<b>56.19</b>	<b>1026.60</b>	<b>242.51</b>	<b>1884.77</b>
Segment liabilities	91.52	9.09	488.59	-	589.20	133.76	6.35	404.98	-	545.09
Un-allocable liabilities	-	-	-	368.41	368.41	-	-	-	283.14	283.14
<b>Total liabilities</b>	<b>91.52</b>	<b>9.09</b>	<b>488.59</b>	<b>368.41</b>	<b>957.60</b>	<b>133.76</b>	<b>6.35</b>	<b>404.98</b>	<b>283.14</b>	<b>828.23</b>
Capital expenditure	-	-	444.22	4.76	448.97	-	-	145.53	4.32	149.85
Un-allocable capital expenditure	-	-	-	-	-	-	-	-	-	-
<b>Total Capital expenditure</b>	<b>-</b>	<b>-</b>	<b>444.22</b>	<b>4.76</b>	<b>448.97</b>	<b>-</b>	<b>-</b>	<b>145.53</b>	<b>4.32</b>	<b>149.85</b>
<b>F. REVENUE FROM EXTERNAL CUSTOMERS</b>										(₹ in Lakhs)
							<b>Year 2021-20</b>	<b>Year 2019-20</b>		
India							2492.35	2139.92		
Outside India							0.09	-		
<b>TOTAL REVENUE</b>							<b>2492.44</b>	<b>2139.92</b>		

All non-current assets of the Company are located in India.

There is no transaction with single external customer which amounts to 10% or more of the Company's revenue.

## 42. DISCLOSURES AS IND AS 115 - REVENUE FROM CONTRACTS WITH CUSTOMERS

42.1 Company derives revenue from sale of goods and rendering of services from its contracts with customers. The Revenues have been disclosed in note no 27 Revenue.

42.2 Disaggregation of revenue is covered in Note no 27 revenue including revenue from Domestic sales and Export Sales.

42.3 The Company has recognised the following amounts relating to revenue in the statement of profit or loss:

Particulars	Receivables	Contract Assets	Contract Liabilities
As at 31 <sup>st</sup> March, 2019	184.33	-	51.44
Additions/(Adjustments)	66.74	-	(1.31)
As at 31 <sup>st</sup> March, 2020	251.06	-	50.12
Additions/(Adjustments)	(57.73)	-	6.17
As at 31 <sup>st</sup> March, 2021	193.33	-	56.30

Revenue of Rs.42,25,458/- has been recognised (Previous Year Rs. 44,19,267.65/-) from the carried forward contract liabilities balance.

42.4 Volume Discounts.

42.5 The Company has applied practical expedient referred to in paragraph 121 of Ind AS 115 and accordingly has not disclosed information relating to remaining performance obligations. No consideration from contracts with customers is excluded from the remaining performance obligations.

## 43. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 01, 2019
<b>(A) Contingent liabilities not provided for in respect of:</b>			
(a) Claims against the company not acknowledged as debt under:			
labour laws	-	-	-
Others	10.00	-	-
(b) Guarantees excluding financial guarantees			
Corporate guarantees given to others for loans taken by subsidiaries and a joint venture company	-	-	-
(c) Other money for which the company is contingently liable			
Income Tax	6.49	-	-
Sales Tax	5.93	-	-
Excise Duty	-	-	-
<b>(B) Commitments:</b>			
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	-	-	-
(b) Other Commitments	-	-	-
Commitment with respect to the leasehold land to be purchased	-	-	-
Import duty benefit towards duty free import of raw materials made in respect of which export obligations are yet to be discharged.	-	-	-

43.1 The Company's pending litigations comprise of claims against the Company and Proceedings pending with Tax/ Statutory/ Government Authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. Future Cash Outflows in respect of the above are determined only on receipt of judgements/ decisions pending with various forums/ authorities.

43.2 A notice for Claim of Rs 10 lac with interest 12% for specified damages was received by the company in Feb 2021 in relation to alleged non-performance under sales contract. The Company has disclaimed liability and is defending the action. It is not practical to estimate the potential effect of this claim, but a legal advice indicates that it is not probable that significant liability will arise.

43.3 During the year company on completion of assessment u/s 143(3) a demand of Rs. 6,48,559/- was raised for which the company has filed a rectification application u/s 154 (1) of the income tax act 1961. As per legal advice it is a mistake apparent from record and company is pursuing legal remedies. Though it not possible to predict the final outcome, but legal advices indicates that it is not probable that significant liability will arise.

43.4 During the year a sum of Rs.8,34,020/- was determined to be payable on completion of assessment under central sales tax. After payment of Rs.2,44,300/-,the remaining amount was treated as contingent liability as company is planning to challenge same in appeal and as per the legal opinion significant liability will not arise.

**44. IN ACCORDANCE WITH IND AS - 33, "EARNINGS PER SHARE", THE BASIC AND DILUTED EPS HAVE BEEN CALCULATED AS UNDER:**

Particulars	As at March 31, 2021	As at March 31, 2020
Profits available to equity shareholders (₹ in Lakhs)	192.70	134.40
Weighted Average Number of Equity Shares		
- Basic	1,00,43,939	1,00,43,939
- Diluted		
Earnings Per Share of ` 10 each		
- Basic	1.92	1.34

The Company has allotted 47,82,825 number of fully paid Bonus Shares on September 06, 2020 in the ratio of ten equity share of Rs. 10 each fully paid up for every eleven existing equity shares of Rs. 10 each fully paid up. In accordance with Ind AS 33, 'Earning per Share', basic and diluted earnings per equity share have been adjusted for previous year for bonus issue.

**45. IMPAIRMENT OF ASSETS**

In accordance with the Indian Accounting Standard (Ind AS-36) on "Impairment of Assets" the Company has, during the year, carried out an exercise of identifying the assets that may have been impaired in respect of cash generating unit in accordance with the said Indian Accounting Standard. Based on the exercise, no impairment loss is required as at March 31, 2021.

## **46. LEASES**

### **Company is a lessor**

(i) The company has not given any property on lease. Hence disclosure required under IND-AS 17 for company as a lessor is not given.

### **Company is a lessee**

ii) The Company has applied Ind AS 17 'Leases' to rent contracts of Land/Building to evaluate whether these contracts contains a lease or not. Based on evaluation of the terms and conditions of the arrangements, the Company has evaluated such arrangements not be a lease. Hence disclosure requirement as per Ind-As 17 for operating/ finance lease is not given .

**47.** Further, some balances of Trade and other receivables, Trade and other payables and Loans are subject to confirmation/reconciliation. Adjustments, if any, will be accounted for on confirmation/reconciliation of the same, which will not have a material impact.

**48.** Previous year's figures have been regrouped, wherever necessary, to confirm to current year's classification.

## **49. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements are approved for issue by the Audit Committee at its meeting held on May 29, 2021 and by the Board of Directors on May 29, 2021.



## **Notes to the Standalone Financial Statements for the year than ended on March 31, 2021**

### **1. Corporate Information**

**AARON INDUSTRIES LIMITED** is a Public Limited Company, domiciled and incorporated in India under the provisions of Companies Act, 1956. The Registered office of the Company is situated at B-65 & 66, Jawahar Road No. 4, Udyog Nagar, Udhana, Surat-304210. Its share is listed on National Stock Exchange (NSE).

The Company is mainly engaged in the business of Manufacturing of Elevators & Elevators Parts and Steel Polishing.

### **2. Statement of Compliance**

These financial statements are the separate financial statements of the Company (also called as standalone financial statements) prepared in accordance with Indian Accounting Standard ("Ind AS") notified under the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Rule, 2016, as amended. These financial statements are the Company's first Ind AS Standalone Financial Statements. The Company has adopted all the Indian Accounting Standards and the adoption was carried out in accordance with *Ind AS 101, "First Time Adoption of Indian Accounting Standards"* W.e.f. April 01, 2019.

For all period up to and including the financial year March 31, 2019, the Company had prepared its financial statements in accordance with the Accounting Standard notified under the Section 133 of the Companies Act, 2013 read with the Rule 7 of Companies (Accounts) Rule 2014, ("Previous GAAP"). Detailed explanations on how the transition from Previous GAAP to Ind AS has affected the Company's Balance Sheet, financial performance and its cash flows are given under Note No. 37.

#### **2.1 Summary of Significant Accounting Policies**

##### **a) Basis of preparation of Financial Statements**

The financial statements have been prepared and presented under the Historical Cost Convention, on accrual basis of the accounting except for certain financial assets and financial liabilities including derivative instruments, if any, which are measured at fair value/amortized cost/net present value at the end of each reporting period; as explained in the accounting policies below.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date. These accounting policies have been applied consistently over all the period presented in these financial statements.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013.

For the purpose of Current / Non - Current classification of assets and liabilities, the Company has ascertained its operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of the assets or liabilities for processing and their realization in Cash and Cash Equivalents.

The Company's financial statements are prepared and presented in Indian Rupee, which is also the functional currency for the Company. All amounts have been rounded off to nearest lakhs, unless otherwise indicated.

**b) Use of Estimates**

The preparation of the financial statements is in conformity with the Ind AS which requires managements to make certain judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of the assets, liabilities, income and expenses (including contingent liabilities) and the accompanying disclosures. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revision to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key resources of estimation uncertainty at the reporting date have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year are described as follow:

- a) **Income Tax:** The Company's tax jurisdiction is in India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the income tax provisions, including the amount expected to be paid / recovered. (Refer Note No.35)
- b) **Useful life of the Property, Plants and Equipment:** Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life.

The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end.

Useful lives of each these assets is based on the life prescribed in Schedule II to the Companies Act, 2013 or based on the technical estimates, taking into account the nature of the assets, estimated usage, expected residual values and operating conditions of the assets.

Estimated useful life of Property, Plant and Equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

- c) **Defined Benefits Obligations:** The costs of providing Gratuity and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with *Ind AS – 19, “Employee Benefits”* over the period during which benefit is derived from the employees’ services. It is determined by using the Actuarial Valuation and assessed on the basis of assumptions selected by the management.

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. The same is disclosed in *Note No. 39, “Employee Benefits”*. Due to complexities involved in the valuation and its long term in nature, a defined benefit obligation is highly sensitive to change in these assumptions. All assumptions are reviewed at each balance sheet date.

- d) **Fair Value measurements of Financial Instruments:** When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgments and assumptions.
- e) **Allowance for impairment of trade receivables:** Judgment are required in assessing the recoverability of overdue trade receivables and determining whether a provision is against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non - payments. Moreover, trade receivables are written off on a case-to-case basis if deemed not to be collectible on the assessment of the underlying facts and circumstances.
- f) **Provisions:** The timing of recognition and quantification of the liability requires estimates which can be subject to change. The carrying amounts of provision and liabilities are reviewed regularly and revised to take the amount of changing the facts and circumstances.
- g) **Impairment of Financial and Non - Financial Assets:** The impairment provisions of financial assets are based on the assumptions about the risk of default and expected cash loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Company’s past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

In case of Non - Financial Assets, the Company estimates asset’s recoverable amount, this is higher of an asset or Cash Generating Units (CGU)’s fair value less the cost of disposal and the value in use.

In assessing the value in use, the estimated future cash flows are discounted using the pre - tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. In determining the fair value less cost of disposal, recent market transactions are taken into accounts, if no such transactions can be identified, an appropriate valuation model is used.

h) **Recognition of Deferred Tax Assets and Liabilities:** Deferred tax assets and liabilities are recognized for deductible /taxable temporary differences and unused tax losses and tax credits for which there is probability of utilization against the future taxable profit. The Company uses judgments to determine the amount of deferred tax that can be recognized, based upon the likely timing and the level of future taxable profits and business developments.

i) **Inventory Management:** Measurement of some items of inventory having a more weight and some other items having small /very small size with large quantities of stock available at factory site is material, complex and involves significant judgements and estimates in measuring the same. The Company performs physical counts of the above inventory on a periodic basis using own staff and outsiders with sufficient knowledge and arrives at the proper quantity of inventory which involve estimates of quantity for those items.

c) **Property, Plants and Equipment**

**Measurement at Recognition**

An item of Property, Plant and Equipment that qualifies as an asset is measured on the initial recognition at cost, net of recoverable taxes, if any. Following the initial recognition, item of property, plants and equipment are carried at its cost less accumulated depreciation / amortization and accumulated impairment losses, if any.

The Company identifies and determines cost of each part of an item of Property, Plant and Equipment separately, if the part has a cost which is significant to the total costs of that item of Property, Plant and Equipment and has a useful life that is materially different from that of remaining items.

The cost of an item of property, plants and equipment comprises of its purchase price including import duties and other non-refundable purchase taxes or levies, directly attributable to the cost of bringing the asset to its present location and working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any. Any trade discount and rebates are deducted in arriving at the purchase price of such Property, Plant and Equipment.

Such cost also includes the cost of replacing a part of the plant and equipment and the borrowing cost of the long - term construction projects, if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met.

When the significant parts of Property, Plant and Equipment are required to be replaced at periodical intervals, the Company recognizes such part as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement, if the recognition criteria are satisfied, all other repair and maintenance costs are recognized in the Statement of Profit and Loss as and when incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

All the costs, including administrative, financing and general overhead expenses, as are specifically attributable to construction of a project or to the acquisition of a Property, Plants and Equipment or bringing it to its present location and working condition, is included as a part of the cost of construction of the project or as a part of the cost of Property, Plant and Equipment, till the commencement of commercial production. Any adjustments arising from exchange rate variations attributable to the Property, Plant and Equipment are capitalized as aforementioned.

Borrowing cost relating to the acquisition / construction of Property, Plant and Equipment which takes the substantial period of time to get ready for its intended use are also included in the cost of Property, Plant and Equipment / cost of constructions to the extent they relate to the period till such Property, Plant and Equipment are ready to be put to use.

Any subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only and only if it increases the future economic benefits from the existing asset beyond its previously assessed standard of performance.

Any items such as spare parts, stand by equipment and servicing equipment that meet the definitions of the Property, Plant and Equipment are capitalized at cost and depreciated over the useful life of the respective Property, Plant and Equipment. Cost is in the nature of repair and maintenances are recognized in the Standalone Statement of Profit and Loss as and when incurred.

The Company has elected to consider the carrying amount of all its property, plants and equipment appearing the financial statements prepared in accordance with the Accounting Standards notified under the Section 133 of the Companies Act, 2013, read together with the Rule 7 of the Companies (Accounts) Rule, 2014, as amended and used the same as deemed cost in the Opening Ind AS Balance Sheet prepared under April 01, 2019.

### **Capital Work-in-Progress and Capital Advances**

Cost of Property, Plant and Equipment not ready for intended use, as on the balance sheet date, is shown as a "Capital Work-in-Progress". The Capital Work-in-Progress is stated at cost. Any expenditure in relation to survey and investigation of the properties is carried as Capital Work-in-Progress. Such expenditure is either capitalized as cost of the projects on completion of construction project or the same is expensed in the period in which it is decided to abandon such project. Any advances given towards acquisition of Property, Plants and Equipment outstanding at each balance sheet date are disclosed as "Other Current Assets".

### **Depreciation**

Depreciation on each part of Property, Plants and Equipment is provided to the extent of the depreciable amount of the assets on the basis of "Straight Line Method (SLM)" on the useful life of the tangible property, plants and equipment as estimated by the management and is charged to the Statement of Profit and Loss, as per the requirement of *Schedule - II to the Companies Act, 2013*. The estimated useful life of the Property, Plants and Equipment has been assessed based on the technical advice which is considered in the nature of the Property, Plants and Equipment, the usage of the Property, Plants and

Equipment, expected physical wear and tear of the such Property, Plants and Equipment, the operating conditions, anticipated technological changes, manufacturer warranties and maintenance support of the Property, Plants and Equipment etc.

When the parts of an item of the Property, Plants and Equipment have different useful life, they are accounted for as a separate item (major components) and are depreciated over their useful life or over the remaining useful life of the principal Property, Plants and Equipment, whichever is less.

Useful lives of each class of Property, Plants and Equipment as prescribed under Part C of Schedule II to the Companies Act, 2013; except as based on technical evaluation are as under:-

S. No.	Name of Property, Plants and Equipment	Useful Life (In Years)
1.	Factory Building	30 Years
2.	Building (Other than Factory Building)	60 Years
3.	Plant and Machineries (Including Continuous Process Plant)	15 Years
4.	Furniture and Fixtures	10 Years
5.	Office Equipment	5 Years
6.	Computer and Other Data Processing units	3 Years
7.	Motor Vehicles	8 Years
8.	Electrical Installation and Other Equipment	10 Years
9.	Motor Cycle/Scooter/Moped	10 Years

Freehold land is not depreciated. Leasehold land and their improvement costs are amortized over the period of the lease. The useful lives, residual value of each part of an item of Property, Plants and Equipment and the method of depreciation are reviewed at the end of each reporting period, if any, of these expectation differ from the previous estimates, such change is accounted for as a change in accounting estimate and adjusted prospectively, if appropriate.

### **Derecognition**

The carrying amount of an item of Property, Plants and Equipment and Intangible Assets is recognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of the Property, Plants and Equipment is measured as the difference between the net disposal proceeds and the carrying amount of the assets and is recognized in the Statement of Profit and Loss, as and when the assets are derecognized.

#### **d) Intangible Assets**

### **Measurement at Recognition**

An intangible asset acquired separately is measured on the initial recognition at Cost. Intangible assets arising on the acquisition of business are measured at fair value as at the date of acquisition. Internally generated intangible assets including research cost are not capitalized and the related expenditure is recognized in the Statement of Profit and Loss in the period in which the expenditure is incurred. Following the initial recognition, intangible

assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

The Company has elected to consider the carrying amount of all its property, plants and equipment appearing in the financial statements prepared in accordance with the Accounting Standards notified under the Section 133 of the Companies Act, 2013, read together with the Rule 7 of the Companies (Accounts) Rule, 2014, as amended and used the same as deemed cost in the Opening Ind AS Balance Sheet prepared under April 01, 2019.

### **Amortization**

Intangible assets with the finite lives are amortized on a “Straight Line Basis” over the estimated useful economics life of such Intangible assets. The amortization expenses on Intangible assets with the finite lives are recognized in the Statement of Profit and Loss.

The amortization period and the amortization method for an intangible asset with the finite useful life are reviewed at the end of each financial year. If any of these expectations differ from the previous estimates, such changes are accounted for as a change in an accounting estimate.

Intangible assets including Computer software are amortized on straight-line basis over a period of Five years.

### **Derecognition**

The carrying amount of an Intangible asset is recognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an Intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss, as and when such asset is derecognized.

#### **e) Impairment**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Assets that are subject to depreciation and amortization and assets representing investments in subsidiary and associate companies are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

The Company assesses at each reporting date whether there is an indication that assets may be impaired. If any indication exists based on internal or external factors, or when annual impairment testing for assets is required, the Company estimates the asset’s recoverable amount. Where the carrying amount of the assets or its cash generating unit (CGU) exceeds its recoverable amount, the assets are considered impaired and is written down to its recoverable amount. The recoverable amount is the greater of the fair value



less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre - tax rate that reflects current market rates and the risk specific to the assets. For those assets that do not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the assets belong. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transactions between knowledgeable, willing parties, less cost of disposal. After the impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exists or has decreased. However, the increase in the carrying amount of assets due to the reversal of an impairment loss is recognized to the extent it does exceed the carrying amount that would have been determined (net of depreciation) had no Impairment Loss been recognized for the assets in the prior years.

Impairment losses, if any, are recognized in the Statement of Profit and Loss and included in depreciation and amortization expense. Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

f) **Lease**

A lease is classified at the inception date as finance lease or an operating lease. A lease that transfers substantially all the risk and rewards incidental to the ownership to the Company is classified as a finance lease. All other leases are classified as operating lease.

**The Company as a Lessee**

- a) **Operating Lease**: Rental payable under the operating lease are charged to the Statement of Profit and Loss on a straight - line basis over the term of the relevant lease except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.
- b) **Finance Lease**: Finance lease are capitalized at the commencement of the lease, at the lower of the fair value of the property or the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and the reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are charged directly against the income over the period of the lease unless they are directly attributable to qualifying assets, in which case they are capitalized. Contingent rentals are recognized as an expense in the period in which they are incurred.

A leased asset is depreciated over the useful lives of the assets; however, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the assets is depreciated over the shorter of the estimated useful lives of the assets and the lease terms.



### **The Company as a Lessor:**

Lease payments under operating leases are recognized as an income on a straight - line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation. The respective leased assets are included in the Balance Sheet based on their nature.

Assets given under finance lease are recognised at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the Internal Rate of Return (IRR) method. The principal amount received reduces the net investment in the lease and interest is recognized as revenue. Initial direct cost such as legal costs, brokerage costs etc. are recognized immediately in the Statement of Profit and Loss/ Profit and Loss Account.

#### **g) Investments**

Investments are classified into Current or Non - Current Investments. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as Current Investments. All other Investments are classified as Non - Current Investments. However, that part of Non - Current Investments which are expected to be realized within twelve months from the Balance Sheet date is also presented under "Current Investments" under "Current portion of Non - Current Investments" in consonance with classification of Current / Non – Current classification of Schedule - III of the Act.

All the equity investment which covered under the scope of *Ind AS 109, "Financial Instruments"* is measured at the fairvalue. Investment in Mutual Fund is measured at fair value through profit and loss (FVTPL). Trading Instruments are trading at fair value through profit and loss (FVTPL).

The cost of investments comprises the purchase price and directly attributable acquisition charges such as brokerage, fess and duties.

#### **h) Investments Properties**

The property that is held for capital appreciation or for earning rentals or both or which are not intended to be occupied substantially for use by, or in the operations of the Company is classified as Investment Properties. Items of investment properties are measured at cost less accumulated depreciation / amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use. Investment properties are depreciated on straight line method on pro-rata basis at the rates specified therein. Subsequent expenditure including cost of major overhaul and inspection is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

#### **i) Inventories**

Inventories of the raw material, work-in-progress, finished goods, packing material, stores and spares, components, consumables and stock in trade are carried at lower of cost and

net realizable value. However, raw material and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item by item basis.

In determining the cost of raw materials, work-in-progress, finished goods, packing materials, stores and spares, components and stock in trade "*First in First Out (FIFO)*" method is used. Cost of inventories included the cost incurred in bringing each product to its present location and conditions are accounted as follows:

- a) **Raw Material**: Cost included the purchase price net of all direct and indirect taxes, duties (other than those which are recoverable from tax authorities) and other direct or indirect costs incurred to bring the inventories into their present location and conditions.
- b) **Finished Goods and Work-in-Progress**: Cost included cost of direct materials and packing material and the labor cost and an appropriate proportion of fixed and variable overhead based on the normal operating capacity of the Company, but excluding the borrowing costs but include the other costs incurred in bringing the inventories to their present location and condition. Fixed production overheads are allocated based on normal capacity of production facilities. Cost is determined on "*First in First out basis (FIFO)*".
- c) **Stock in Trade**: Stock of raw material consists of raw material intended for trading. Cost of raw material intended for trading included the purchase price and other direct or indirect costs incurred in bringing the inventories to their present location and conditions. Cost is determined on "*First in First out basis (FIFO)*".

#### **All other Inventories of stores / spares**

The stock of waste or scrap is valued at net realizable value.

"*Net Realizable Value*" is the estimated selling price of inventories in the ordinary course of business, less estimated costs of completion and estimated cost necessary to make the sales of the products.

#### **j) Borrowing Costs**

Borrowing cost include the interest, commitments charges on bank borrowings, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs that are directly attributable to the acquisition or construction of qualifying property, plants and equipment are capitalized as a part of cost of that property, plants and equipment until such time that the assets are substantially ready for their intended use. Qualifying assets are assets which take the substantial period of time to get ready for the intended use or sale.

When the Company borrows the funds specially for the purpose of obtaining the qualifying assets, the borrowing costs incurred are capitalized with qualifying assets. When the Company borrows fund generally and use them for obtaining a qualifying asset, the capitalization of borrowing costs is computed on weighted average cost of general cost

that are outstanding during the reporting period and used for acquisition of the qualifying assets.

Capitalization of the borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for intended use are complete.

Other Borrowing Costs are recognized as expenses in the period in which they are incurred. Any interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Any exchange differences arising from foreign currency borrowings to the extent that they are regarded as adjustments to interest costs are recognized as Borrowing Costs, and are capitalized as a part of cost of such property, plants and equipment if they are directly attributable to their acquisition or charged to the Standalone Statement or Profit and Loss.

k) **Employee Benefits**

**Short Term Employee Benefits**

All the employee benefits payable wholly within twelve months of rendering the services are classified as short - term employee benefits and they are recognized in the period in which the employee renders the related services. The Company recognizes the undiscounted amount of short - term employee benefits expected to be paid in the exchange for services are rendered as a liability (accrued expense) after deducting any amount already paid.

The benefit in the form of Leave Encashment is a non-accumulating short term compensated absences. It is accounted in the year when absences occur and charged to Statement of Profit & Loss of the year.

**Post - Employment Benefits**

**a. Defined Contribution Plans**

Defined contribution plans are employee state insurance scheme and Government administrated provident fund scheme for all the applicable employees. The Company makes specified monthly contribution towards Employee Provident Fund scheme as per the norms prescribed by the Central Government. The Company's contribution to defined contribution plans is recognized in the Statement of Profit and Loss in the reporting period to which they relate.

**Recognition and Measurement of Defined Contribution Plans**

The Company recognizes contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the Company during the reporting period. If the contributions payable for services received from employees before the reporting date exceed the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received

before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

## **b. Defined Benefits Plans**

### **i) Gratuity Scheme**

The Company operates a defined benefit gratuity plan for employees. The Company pays the gratuity to the employee whoever has completed five year of service with the Company at the time of resignation or superannuation. The Gratuity is paid @15 Days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The liability in respect of gratuity and other post - employment benefits is calculated using the *“Project Unit Credit Method”* and spread over the period during which the benefit is expected to be derived from employee services.

Re - measurement of defined benefits plans in respect of post employments are charged to Other Comprehensive Income.

### **Recognition and Measurement of Defined Benefit Plans**

The cost of providing defined benefits is determined using the Projected Unit Cash Credit method with actuarial valuations being carried out at each Balance Sheet date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the Statement of Profit and Loss. Re-measurements of the net defined benefit liability / (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognized in Other Comprehensive Income. Such Re-measurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

Past service cost is recognized immediately to the extent that the benefits are already vested, else is amortized on a straight - line basis over the average period until the amended benefits become vested. Actuarial gain or losses in respect of the defined benefit plans are recognized in the Statement of Profit and Loss in the year in which they arise.

The Company pre-set the above liability as Current and Non - Current in the Balance Sheet as per the Actuarial Valuation by the Independent actuary; however, the entire liability towards gratuity is considered as current as the Company will contribute this amount to the Gratuity Fund within next twelve months.

### **l) Revenue Recognition**

Revenue is recognized when it is probable that economic benefit associated with the transaction flows to the Company in ordinary course of its activities and the amount of revenue can be measured reliably, regardless of when the payment is being made. Revenue

is measured at the fair value of consideration received or receivable, taking into the account contractually defined terms of payments, net of its returns, trade discounts and volume rebates allowed.

Revenue includes only the gross inflows of economic benefits, including the excise duty, received and receivable by the Company, on its own account. Amount collected on behalf of third parties such as sales tax, value added tax and goods and service tax (GST) are excluded from the Revenue.

Revenue from contract with the customers is recognized upon the transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products and services. Revenue is measured based on the transaction price, which is the consideration, adjusted discounts and other incentives, if any, as per the contract with customers. Revenue also excludes taxes or amounts collected from customers in its capacity as agents.

### **Sale of Products**

Revenue from sales of goods is recognized, when all the significant risks and rewards of the ownership of the goods is passed to the buyer, recovery of the consideration is probable, associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods and amount of revenue can be measured reliably, which is generally considered on dispatch of goods to the customers except in case of the consignment sales.

Sales (Gross) includes Excise Duty but excludes VAT and Goods and Service Tax (GST) and is net of discounts and incentives to the customers. Excise Duty to the extent included in the gross turnover is deducted to arrive at the net turnover.

### **Sale of Services**

Revenue from Sale of Services is recognized as per the Completed Service Contract Method of Revenue recognition except in the few cases when the Revenue from Sale of Services is recognized on accrual basis as per the Contractual agreement basis. Stage of completion is measured by the service performed till the balance sheet date as a percentage of total service contracted.

### **Revenue from Contracts**

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

### **Export Incentives**

Export incentive revenues are recognized when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection.

### **Interest**

Revenue from Interest income is recognized using the effective interest method. Effective Interest Rate (EIR) is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instruments or a shorter period, where appropriate, to the gross carrying amount of the financial assets or to the amortized cost of financial liability.

### **Royalty**

Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreement.

### **Dividend**

Revenue is recognized when the Company's right to receive the payment is established at the end of the reporting date, which is generally when the shareholders approve the dividend at the Annual General Meeting / Extraordinary General Meeting.

### **Surplus / (Loss) on disposal of Property, Plants and Equipment / Investments**

Surplus or loss on disposal of property, plants and equipment or investment is recorded on transfers of title from the Company, and is determined as the difference between the sales price and carrying value of the property, plants and equipment or investments and other incidental expenses.

### **Rental Income**

Rental income arising from operating lease on investments properties is accounted for on a straight - line basis over the lease term except the case where the incremental lease reflects inflationary effect and rental income is accounted in such case by actual rent for the period.

### **Insurance Claim**

Claim receivable on account of insurance is accounted for to the extent the Company is reasonably certain of their ultimate collections.

### **Other Income**

Revenue from other income is recognized when the payment of that related income is received or credited.

#### **m) Foreign Currency Transactions**

**a) Initial Recognition**

Transactions in the Foreign Currencies entered into by the Company are accounted in the functional currency (i.e. Indian Rupee), by applying the exchange rates prevailing on the date of the transaction. Any exchange difference arising on foreign exchange transactions settled during the reporting period are recognized in the Statement of Profit and Loss.

**b) Conversion of Foreign Currency Items at Reporting Date**

Foreign Currency Monetary Items of the Company are restated at the end of the reporting date by using the closing exchange rate as prescribed by the Reserve Bank of India, RBI Reference Rate.

Non - Monetary Items are recorded at the exchange rate prevailing on the date of the transactions.

Non - Monetary Items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is measured. Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss except exchange gain or loss arising on Non - Monetary Items measured at fair value of the item which are recognized Statement of Profit and Loss or Other Comprehensive Income depending upon their fair value gain or loss recognized in Statement of Profit or Loss and Other Comprehensive Income, respectively.

Exchange differences arising on monetary items that, in substance, form part of the Company's net investment in a foreign operation (having a functional currency other than Indian Rupees) are accumulated in Foreign Currency Translation Reserve.

All the other exchange differences arising on settlement or translation of monetary items and the mark to market losses / gain are dealt with in the Statement of Profit and Loss as Income or Expenses in the period in which they arise except to the extent that they are regarded as an adjustment to the Finance Costs on foreign currency borrowings that are directly attributable to the acquisition or constructions of the qualifying assets, are capitalized to the qualifying assets.

**n) Government Grants and Subsidies**

Any subsidy from the Government authorities or any other authorities which the company is entitled to receive in respect of manufacturing or other facilities are dealt as follows:

- i) Grants in the nature of subsidies which are non - refundable are recognized as income where there is reasonable assurance that the Company will comply with all the necessary conditions attached to them. Income from grants is recognized on a systematic basis over periods in which the related costs that are intended to be compensated by such grants are recognized.
- ii) A government grants which becomes receivable by an entity as compensation for expenses or losses incurred in a previous period is recognised in profit or loss of the period in which it becomes receivable.



- iii) Government grants related to assets, including non-monetary grants at fair value, is presented in the balance sheet by deducting the grant in arriving at the carrying amount of the asset. The grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

**o) Financial Instruments**

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

**Financial Assets**

**Initial Recognition and Measurement**

The Company recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

**Subsequent Measurement**

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

- i) The Company's business model for managing the financial asset and
- ii) The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

- i) Financial assets measured at amortized cost
- ii) Financial assets measured at fair value through other comprehensive income (FVTOCI)
- iii) Financial assets measured at fair value through profit or loss (FVTPL)



### **Financial Assets measured at Amortized Cost**

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

- a) The Company's business model objective for managing the financial asset 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 on the principal amount outstanding.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company Refer Note No. 38 for further details. Such financial assets are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

### **Financial Assets measured at FVTOCI**

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

- a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, 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 on the principal amount outstanding.

This category applies to certain investments in debt instruments Refer Note No.38 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income and impairment losses and its reversals in the Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from the equity to Statement of Profit and Loss. However, the Company may transfer such cumulative gain or loss into retained earnings within equity.

### **Financial Assets measured at FVTPL**

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company excluding investments in subsidiary and associate companies. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Company's Balance Sheet) when any of the following occurs:

- i) The contractual rights to cash flows from the financial asset expires;
- ii) The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;
- iii) The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset)
- iv) The Company neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset.

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On Derecognition of a financial asset, (except as mentioned in ii above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

### **Impairment of Financial Assets**

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- i) Trade receivables and lease receivables
- ii) Financial assets measured at amortized cost (other than trade receivables and lease receivables)
- iii) Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables and lease receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets (listed as ii and iii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12 months - ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss under the head "Other Expenses".

## **Financial Liabilities**

### **Initial Recognition and Measurement**

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

### **Subsequent Measurement**

All financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method. (Refer Note No 38 for further details).

Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

### **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

#### **p) Fair Value**

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. 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 assets or liability, or
- \* In the absence of a principal market, in the most advantageous market for the assets or liabilities.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 - Inputs that are unobservable for the asset or liability

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

#### q) **Taxes on Income**

Tax expense comprises Current and Deferred Income tax. Tax expenses are recognized in the Statement of Profit and Loss, except to the extent that it relates to the items recognized in the other comprehensive income or in equity. In that case tax is also recognized in other comprehensive income or equity.

Current Income tax is the amount of income tax payable in respect of taxable profit for the period. Taxable profit differs from "Profit Before Tax" as reported under Statement of Profit and Loss because of item of expenses or income that are taxable or deductible in other years and items that are never taxable or deductible under Income Tax Act.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the IncomeTax Authorities, based on tax rates and laws that are enacted at the balance sheet date. Current tax also includes any adjustments amount to tax payable in respect of previous year.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under Income Tax Act, 1961.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary difference that arises from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

### **Presentation**

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income / expense are recognized in Other Comprehensive Income.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax assets in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized. However for the years under reporting the company has not recognized deferred tax assets on MAT due to uncertainty arising out of tax planning options available to the company as per prevailing tax laws. (Refer Note 20.1)

The Company reviews the same at each reporting period and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay Normal Income Tax during the specified period.

### **r) Segment Reporting**

Segments are identified having regard to the dominant source and nature of risks and returns and the internal organization and management structure. The Company has considered as Business Segments as Primary Segments. The Company does not have any Geographical Segments.

### **Identification of Segments**

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a Strategic business unit that offers the different products and serves the different markets. Majorly, the Company's Business Segments are "Elevator Division", "Electrical Division", "Steel Polishing Division".

### **Segments Accounting Policies**

The Company prepares its Segment Information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

### **Inter - Segment Transfer**

The Company does not recognize Inter - Segment transfers at any agreed value of the transactions.

### **Allocation of Common Costs**

Common allocable costs are allocated to each segment reporting according to the relative contribution of each segment to the total of common costs.

### **Unallocated Items**

Unallocated Items include the General Corporate Income and Expense items which are not allocated to any of the Business Segments.

Operating Segment are reported in the manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM is responsible for assessing the performance and allocating the resources of the operating segment of the Company. Refer Note No. 41 for Segment information.

#### **s) Research and Developments**

Research and Developments expenditures of a revenue nature are expensed out under the respective heads of the account in the year in which it is incurred. Expenditure of development which does not meet the criteria for recognition as an intangible asset is recognized as an expense when it incurred.

Item of Property, Plants and Equipment and acquired Intangible Assets utilized for research and developments are capitalized and depreciated in accordance with the policies stated for Tangible Property, Plants and Equipment and Intangible Assets.

#### **t) Earnings per Share**

The Company reports the basic and diluted Earnings per Share (EPS) in accordance with Indian Accounting Standard - 33, "*Earnings per Share*". Basic EPS is computed by dividing the Net Profit or Loss attributable to the Equity Shareholders for the period by the weighted average number of Equity shares outstanding during the period.

Diluted EPS is computed by dividing the Net Profit or Loss attributable to the Equity Shareholders for the period by the weighted average number of Equity Shares outstanding during the period as adjusted for the effects of all potential Equity Shares, except where the results are Anti - Dilutive.

The weighted average number of Equity Shares outstanding during the period is adjusted for events such a Bonus Issue, Bonus elements in right issue, share splits, and reverse share split (consolidation of shares) that have changed the number of Equity Shares outstanding, without a corresponding change in resources.



Partly paid up Equity Shares, if any, are treated as fraction of Equity Shares to the extent that they are entitled to participate in dividends to a fully paid equity shares during the Reporting Period.

**u) Provisions and Contingencies**

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of 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.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as Contingent Liability.

In the rare cases, when a liability cannot be measured reliably, it is classified as Contingent Liability. The Company does not recognize a Contingent Liability but disclosed its existence in the financial statements.

**v) Event after Reporting Date**

Where events occurring after the Balance Sheet date provide evidence of condition that existed at the end of reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

All the events occurring after the Balance Sheet date up to the date of the approval of the standalone financial statement of the Company by the board of directors on 29<sup>th</sup> May 2021, have been considered, disclosed and adjusted, wherever applicable, as per the requirement of Indian Accounting Standards.



#### **w) Non - Current Assets Held for Sales**

The Company classifies non - current assets as held for sale if their carrying amount will be recovered principally through a sale rather than through continuing use of the assets and action required to complete such sale indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision will be withdrawn. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification.

Non - current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to the sell. Non - current assets are not Depreciated or Amortized.

#### **x) Cash Flow Statements**

Cash Flows Statements are reported using the method set out in the Indian Accounting Standard – 7, “*Cash Flow Statements*”, whereby the Net Profit / (Loss) before tax is adjusted for the effects of the transactions of a Non - Cash nature, any deferrals or accrual of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

#### **y) Cash and Cash Equivalents**

Cash and Cash Equivalents include Cash and Cheques in Hand, Balances with Banks, and demand deposits with Banks and other Short term highly liquid investments where the original maturity is less than three months or less.

### **3. RECENT ACCOUNTING PRONOUNCEMENT**

- a) Ministry of corporate affairs notified amendments to existing standards vide notification no G.S.R. 463 (E) dated 24<sup>th</sup> July 2020.

#### **i) Ind AS 1, “Presentation of Financial Statements”, Change in the Definition of “Material”**

Institute of Chartered Accountants of India (ICAI) has proposed the amendments in the Ind AS 1 and Ind AS 8, by refining the definition of the term “Material” to make it easier to understand. The proposed definition is based on definition revised by the International Standard Board (ISB) on October 31, 2018 to make it aligned across IFRS and Other Conceptual Frameworks.

The revised definition of material as proposed by ICAI as, “Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The revised definition is proposed to be made effective prospectively for annual reporting periods beginning on or after April 01, 2020. The amendments to the definition of material is not expected to have a significant impact on the company’s standalone financial statements.

- ii) The effect of other amendments is also not material to the company's standalone financial statements
- b) On March 24, 2021 Ministry of corporate affairs through a notification amended schedule III of the companies act 2013. The amendment revise divisions I, II and III. And are applicable from April 1, 2021. The company will give effect to them as required by law.

**For P J Desai & Co.**  
**Chartered Accountants**

**Sd/-**  
**CA Pallav Desai**  
Partner  
M No. 039868 FRN 102330W

Place : Surat  
Date : 29/05/2021

# AARON INDUSTRIES LIMITED



**Contact With Us:**



[info1@aaronindustries.net](mailto:info1@aaronindustries.net)



B-65 & 66, Jawahar Road No. 4,  
Udhyog Nagar, Udhna  
Surat - 394210, Gujarat  
India