**DEE Development Engineers Limited**
**Standalone Balance Sheet as at 31 March 2021** **(Amt in INR Lacs)**

| | Particulars | Notes | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|---|
| | **ASSETS** | | | |
| **(1)** | **Non-current assets** | | | |
| | (a) Property, plant and equipment | 3 | 21,072.61 | 22,277.90 |
| | (b) Capital work-in-progress | 3 | 144.80 | 188.02 |
| | (c) Intangible assets | 3 (a) | 220.06 | 221.27 |
| | (d) Right of use assets | 36 | 229.72 | 95.75 |
| | (e) Investment in subsidiaries and jointly controlled entity | 4 | 5,712.02 | 5,711.02 |
| | (f) Financial assets | | | |
| | (i) Loans | 5(B) | 7,033.85 | 6,282.58 |
| | (ii) Others | 5(D) | 840.73 | 518.75 |
| | (g) Other non-current assets | 6 | 249.92 | 199.06 |
| | **Total non-current assets** | | **35,503.71** | **35,494.35** |
| **(2)** | **Current assets** | | | |
| | (a) Inventories | 7 | 16,613.87 | 22,515.01 |
| | (b) Financial assets | | | |
| | (i) Trade receivables | 5(A) | 18,066.01 | 17,752.33 |
| | (ii) Cash and cash equivalents | 5(C) | 373.12 | 43.32 |
| | (iii) Loans | 5(B) | 247.07 | - |
| | (iv) Others | 5(D) | 2,900.60 | 3,275.15 |
| | (c) Other current assets | 6 | 3,076.55 | 2,775.34 |
| | **Total current assets** | | **41,277.22** | **46,361.15** |
| | **Total Assets** | | **76,780.93** | **81,855.50** |
| | **EQUITY AND LIABILITIES** | | | |
| | **Equity** | | | |
| | (a) Equity share capital | 8 | 1,569.27 | 1,569.27 |
| | (b) Other equity | 9 | 47,855.58 | 45,621.10 |
| | **Total equity** | | **49,424.85** | **47,190.37** |
| | **LIABILITIES** | | | |
| **(1)** | **Non-current liabilities** | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 10(A) | 809.37 | 784.85 |
| | (ii) Other | 11 | 199.77 | 79.43 |
| | (b) Deferred tax liabilities (net) | 15(C) | 2,123.44 | 2,882.41 |
| | (c) Provisions | 12 | 95.34 | 72.69 |
| | (d) Other non-current liabilities | 14 | 93.15 | 174.26 |
| | **Total non-current liabilities** | | **3,321.07** | **3,993.64** |
| **(2)** | **Current liabilities** | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 10(B) | 15,002.98 | 19,069.41 |
| | (ii) Trade payables | | | |
| | - total outstanding due of micro and small enterprises | 16 | 238.24 | 52.40 |
| | - total outstanding due of other than micro and small enterprises | 16 | 6,317.94 | 6,047.74 |
| | (iii) Other | 11 | 1,199.36 | 916.56 |
| | (b) Liabilities for current tax (net) | 13 | - | 236.39 |
| | (c) Provisions | 12 | 126.42 | 160.68 |
| | (d) Other current liabilities | 14 | 1,150.07 | 4,188.31 |
| | **Total current liabilities** | | **24,035.01** | **30,671.49** |
| | **Total Equity and Liabilities** | | **76,780.93** | **81,855.50** |
| | Summary of significant accounting policies | 2 | | |

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

For and on behalf of the Board of Directors of
**DEE Development Engineers Limited**

**per Amit Yadav**
Partner
Membership No: 501753

**K.L. Bansal**
Chairman & Managing Director
DIN No. 01125121

**Ashima Bansal**
Director
DIN No. 01928449

Place : Faridabad
Date : September 20, 2021

**Ranjan Sarangi**
Company Secretary
FCS-8604

**Gaurav Narang**
Chief Financial Officer

Place : Faridabad
Date : September 20, 2021

**DEE Development Engineers Limited**
**Standalone Statement of Profit and Loss for the year ended 31 March 2021**

**(Amt in INR Lacs)**

| | Particulars | Notes | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|---|---|
| I | Revenue from operations | 17 | 41,144.78 | 61,969.09 |
| II | Other income | 18 | 1,627.90 | 1,838.53 |
| III | **Total Income (I+II)** | | **42,772.68** | **63,807.62** |
| IV | **Expenses** | | | |
| | Cost of material consumed | 19 | 18,126.88 | 36,909.61 |
| | Purchases of stock in trade | | 38.83 | 1,008.09 |
| | Changes in inventories of finished goods, stock in trade and work-in-progress | 20 | 3,480.25 | (975.72) |
| | Employee benefit expenses | 21 | 4,990.98 | 5,944.63 |
| | Depreciation and amortization expense | 22 | 2,212.55 | 2,092.11 |
| | Finance costs | 24 | 1,935.53 | 2,990.57 |
| | Other expenses | 23 | 9,884.63 | 11,874.11 |
| | **Total expenses (IV)** | | **40,669.65** | **59,843.40** |
| V | **Profit before tax (III-IV)** | | **2,103.03** | **3,964.22** |
| VI | **Tax expense:** | | | |
| (1) | Current tax | | 671.08 | 1,315.80 |
| (2) | Adjustment related to earlier years | | (12.85) | - |
| (3) | Deferred tax (credit)/ charge | | (766.83) | (108.44) |
| VII | **Profit for the year (V-VI)** | | **2,211.63** | **2,756.86** |
| VIII | **Other comprehensive income** | 25 | | |
| | **Items that will not be reclassified to profit or loss:** | | | |
| | Re-measurement gain/(loss) on defined benefit plans | | 30.72 | (81.53) |
| | Income tax effect | | (7.87) | 28.49 |
| | **Net Comprehensive gain/(loss)** | | **22.85** | **(53.04)** |
| IX | **Total comprehensive income for the year (net of tax) (VII+VIII)** | | **2,234.48** | **2,703.82** |
| | **Earnings per equity share nominal value of shares INR 10 each (Previous year INR 10 each):** | 26 | | |
| | - Basic earnings per share | | 14.09 | 17.23 |
| | - Diluted earnings per share | | 14.09 | 17.23 |
| | Summary of significant accounting policies | 2 | | |

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

**For S. R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

For and on behalf of the Board of Directors of
**DEE Development Engineers Limited**

**per Amit Yadav**
Partner
Membership No: 501753

**K.L. Bansal**
Chairman & Managing Director
DIN No. 01125121

**Ashima Bansal**
Director
DIN No. 01928449

Place : Faridabad
Date : September 20, 2021

**Ranjan Sarangi**
Company Secretary
FCS-8604

**Gaurav Narang**
Chief Financial Officer

Place : Faridabad
Date : September 20, 2021

**DEE Development Engineers Limited**
**Standalone Statement of Cash Flows for the year ended 31 March 2021**

**(Amt in INR Lacs)**

| Particulars | | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|---|
| **A. Cash flow from operating activities** | | | |
| **Profit before income tax** | | **2,103.03** | **3,964.22** |
| **Adjustments to reconcile profit before tax to net cash flows:** | | | |
| Depreciation and amortisation expense | | 2,212.55 | 2,092.11 |
| Loss on sale/ discard of fixed assets (net) | | 7.98 | 42.27 |
| Finance costs | | 1,935.53 | 2,990.57 |
| Amortization of deferred revenue on advance received from MNRE | | (5.70) | (7.64) |
| Amortization of deferred revenue obligation | | (53.58) | (60.07) |
| Impairment of Investments in Joint Venture | | - | 85.48 |
| Unrealized gain/loss on foreign exchange (net) | | (342.07) | (325.64) |
| Provision for doubtful debts and advance | | - | 65.39 |
| Sundry balances written off | | 2.17 | 23.71 |
| Finance income | | (705.42) | (793.41) |
| **Operating profit before working capital changes** | | **5,154.49** | **8,076.99** |
| **Working capital adjustments:** | | | |
| Change in trade receivables | | (88.30) | 5,080.33 |
| Change in inventories | | 5,901.14 | 2,719.87 |
| Change in current/non-current financial assets | | (4.16) | 92.67 |
| Change in other current/non-current assets | | (581.91) | 1,656.73 |
| Change in trade payables | | 454.90 | (3,101.74) |
| Change in provisions | | (11.61) | 78.53 |
| Change in current/non-current financial liabilities | | (246.92) | (165.00) |
| Change in other current/non-current liabilities | | (3,065.58) | (5,717.31) |
| **Cash generated/(used in) from operations** | | **7,512.05** | **8,721.07** |
| Direct tax paid | | (637.45) | (1,564.40) |
| **Net cash (outflow)/ inflow from operating activities** | A. | **6,874.60** | **7,156.67** |
| **B. Cash flow from investing activities** | | | |
| Purchase of property, plant & equipment | | (879.27) | (1,579.20) |
| Proceeds from sale of property, plant & equipment | | 5.96 | 27.49 |
| Loans given to related party | | (2,671.05) | (5,767.69) |
| Loan repayment from related party | | 1,676.86 | 3,233.54 |
| Investment in wholly owned subsidiary company | | (1.00) | (200.00) |
| Investments in bank deposits | | (1,587.19) | (1,296.63) |
| Proceeds from redemption/ maturity of bank deposits | | 1,680.52 | 2,118.46 |
| Interest received | | 769.07 | 832.28 |
| **Net cash inflow/ (outflow) from investing activities** | B. | **(1,006.10)** | **(2,631.75)** |
| **C. Cash flow from financing activities** | | | |
| Proceeds from borrowings | | 1,203.79 | 421.68 |
| Repayment of borrowing | | (4,756.56) | (3,672.60) |
| Interest paid | | (1,935.57) | (2,684.84) |
| Principle repayment of lease liabilities | | (31.25) | (15.51) |
| Interest Paid on lease liabilities | | (19.11) | (10.99) |
| **Net cash inflow/ (outflow) from financing activities** | C. | **(5,538.70)** | **(5,962.26)** |
| **Net (decrease) in cash and cash equivalents (A + B + C)** | | **329.80** | **(1,437.34)** |
| **Opening balance of cash and cash equivalents** | | **43.32** | **1,480.66** |
| **Closing balance of cash and cash equivalents** | | **373.12** | **43.32** |

**Notes:**

1 The above cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows"

**DEE Development Engineers Limited**
**Standalone Statement of Cash Flows for the year ended 31 March 2021**

(Amt in INR Lacs)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Cash on hand | 3.88 | 5.78 |
| Balance with banks | 369.24 | 37.54 |
| **Total** | **373.12** | **43.32** |

As per our report of even date

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

For and on behalf of the Board of Directors of
**DEE Development Engineers Limited**

**per Amit Yadav**
Partner
Membership No: 501753

**K.L. Bansal**
Chairman & Managing Director
DIN No. 01125121

**Ashima Bansal**
Director
DIN No. 01928449

Place : Faridabad
Date : September 20, 2021

**Ranjan Sarangi**
Company Secretary
FCS-8604

**Gaurav Narang**
Chief Financial Officer

Place : Faridabad
Date : September 20, 2021

**DEE Development Engineers Limited**
**Standalone Statement of changes in equity for the year ended 31 March 2021**

**(Amt in INR Lacs)**

**A. Equity share capital:**

| Equity shares of INR 10 each issued, subscribed and fully paid | Equity Shares | |
|---|---|---|
| | **No. in lacs** | **INR lacs** |
| **At 31 March 2019** | 156.93 | 1,569.27 |
| Increase/ (decrease) during the year | - | - |
| **At 31 March 2020** | **156.93** | **1,569.27** |
| Increase/ (decrease) during the year | - | - |
| **At 31 March 2021** | **156.93** | **1,569.27** |

**B. Other equity**

| Particulars | Reserves and Surplus | | | Total |
|---|---|---|---|---|
| | **Securities Premium** | **General reserve** | **Retained earnings** | |
| Balance as at 31 March 2019 | 16,730.93 | 4,585.71 | 21,695.23 | 43,011.87 |
| **Add/ (less):** | | | | |
| Profit for the year | - | - | 2,756.86 | 2,756.86 |
| Other comprehensive loss for the year | - | - | (53.04) | (53.04) |
| Dividend (refer note 41) | - | - | (78.46) | (78.46) |
| Dividend Distribution tax (refer note 41) | - | - | (16.13) | (16.13) |
| **Balance as at 31 March 2020** | **16,730.93** | **4,585.71** | **24,304.46** | **45,621.10** |
| **Add/ (less):** | | | | |
| Profit for the year | - | - | 2,211.63 | 2,211.63 |
| Other comprehensive income for the year | - | - | 22.85 | 22.85 |
| Dividend (Refer Note No. 41) | - | - | - | - |
| Dividend Distribution tax (Refer Note No. 41) | - | - | - | - |
| **Balance as at 31 March 2021** | **16,730.93** | **4,585.71** | **26,538.94** | **47,855.58** |

As per our report of even date

**For S. R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

For and on behalf of the Board of Directors of
**DEE Development Engineers Limited**

**per Amit Yadav**
Partner
Membership No: 501753

**K.L. Bansal**
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DIN No. 01125121

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Director
DIN No. 01928449

Place : Faridabad
Date : September 20, 2021

**Ranjan Sarangi**
Company Secretary
FCS-8604

**Gaurav Narang**
Chief Financial Officer

Place : Faridabad
Date : September 20, 2021

## 1. Corporate Information

Dee Development Engineers Limited ("the Company") is a Limited Company domiciled in India and incorporated under the provisions of the Companies Act. The Company is mainly engaged in manufacturing of Pre-fabricated Engineering Products, Pipe Fittings, Piping Systems and Biomass based Power Generation. It has manufacturing facilities at Tatarpur (Haryana) and Power Generation Plant at Abohar (Punjab). The financial statements were approved for issue in accordance with a resolution of the directors on September 20, 2021

## 2 Significant Accounting Policies

### a. Basis of preparation

The Financial statements of the Company have been prepared in accordance with Indian Accounting standards (Ind AS) notified under Companies (Indian Accounting standards) Rules, 2015 (as amended from time to time) presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), and other provision of the act .

The financial statements of the company have been prepared on a historical cost basis, except for the following assets and liabilities:
(i) Certain financial assets and liabilities measured at fair value (refer accounitng poliy regarding financial instruments),
(ii) Defined benefit plan- plan assets measured at fair value and
(iii) Derivative financial instruments.

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

### b. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between actual result and estimates are recognised in the period in which the results are known/materialise.

### c. Current vs Non Current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

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

All other liabilities are classified as non-current.

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

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

### d. Foreign currencies

The Company's financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency.

**Transaction and balances**

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Company had availed the option of Para 46 A if AS 11 under previous GAAP and also same option has been continued under IND AS as per option given under IND AS 101 and accordingly exchange differences arising on translation of long-term foreign currency monetary items for the period ending immediately before the beginning of the first Ind AS financial reporting period is deferred/capitalised. A long-term foreign currency monetary item is an item having a term of 12 months or more at the date of its origination.

**e. Revenue from contract with customer**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

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

The Company collects Goods and service tax (GST) on behalf of the government and therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

**Sale of Goods**

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the equipment. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.
In determining the transaction price for the sale of equipment, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

**(i) Variable consideration**

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

**Rendering of Services**

Revenue from erection and services and revenue from job work is recognised as per the contractual terms and as and when services are rendered. The Company collects Goods and service tax (GST) on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

**Interest Income**

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

**Sale of Electricity**

Revenue from sales of electricity is billed on the basis of recording of supply of electricity through installed meters. Revenue from sales of electricity is accounted for on the basis of billing to customers based on billing cycles followed by the Company.

**f. Contract balances**

**Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

**Trade receivables**

A receivable represents the Company’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (p) Financial instruments – initial recognition and subsequent measurement.

**Contract liabilities**

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

**g. Government Grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as an income in equal amounts over the expected useful life of the related asset.

When the Company receives grant for non-monetary assets, the asset and the grant are recorded at fair value amounts and released to Profit or Loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

**h. Taxation**

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax includes Minimum Alternate Tax (MAT) and recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period i.e. the period for which MAT credit is allowed to be carried forward. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have any convincing evidence that it will pay normal tax during the specified period.

For operations carried out under tax holiday period (80IA benefit of Income Tax Act, 1961), deferred tax asset or liabilities if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday period ends.

**i. Property, Plant and Equipment**

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. All the property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The Company, based on technical assessment made by technical expert and management estimate, depreciates plant and machineries of piping division over estimated useful lives of 10 to 25 years which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

In case of other assets, depreciation has been provided on straight line method on the economic useful life prescribed by Schedule II to the Companies Act'2013. Depreciation on addition to or on disposal of Fixed Asset is calculated on pro rata basis. Addition, to Fixed Assets costing less than or equal to Rs. 5,000 are depreciated fully in the year of purchase.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

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

**j. Intangible Assets**

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

Amortisation of the finite intangible assets is allocated on systematic basis over the best estimate of their useful life and accordingly softwares are amortised on straight line basis over the period of six years or license period which ever is lower.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised. The Company has no intangible assets with an indefinite life.

**k. Borrowing Cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**l. Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**(a) Right-of-use asset**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

| Particulars | Useful life (years)<br>As per Management |
|---|---|
| Leasehold Land | 5-10 |
| Computer and data processing equipment | 4 |

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (2.n) Impairment of non-financial assets.

**(b) Lease Liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

**(c) Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**m. Inventories**

**Inventories are valued as follows:-**

| | |
|---|---|
| Raw materials, Stores, Spares, Other Materials and Traded Goods | Lower of cost and net realizable value. However, materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated, are expected to be sold at or above cost. Cost is determined on weighted average cost basis.<br><br>Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. |
| Finished goods | Lower of cost and net realizable value. Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average cost basis. |
| Work in Progress | Work in Progress is valued at the lower of actual cost incurred or net realizable value. Cost includes direct materials, labour and proportionate overheads. |

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

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

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

**o. Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. If the effect of time value of money is material, provisions are discounted using a pre-tax rate that reflects when appropriate, the risks specific to the liability.

**p. Retirement and other employee benefits**

(i) Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

(ii) Gratuity is a defined benefit plan and provision is being made on the basis of actuarial valuation carried out by an independent actuary at the year end using projected unit credit method, and is contributed to the Gratuity fund managed by the Life Insurance Corporation of India.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:
► The date of the plan amendment or curtailment, and
► The date that the Company recognises related restructuring costs
Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:
► Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
► Net interest expense or income

**Compensated Absences**

Accumulated leave which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to statement of Profit and Loss in the period in which they occur. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

**q. 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**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:
► Debt instruments at amortised cost
► Debt instruments at fair value through other comprehensive income (FVTOCI)
► Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
► Equity instruments measured at fair value through other comprehensive income (FVTOCI)

**Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

**Debt instrument at FVTOCI**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.
Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

**Debt instrument at FVTPL**

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

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of Profit and Loss.

**Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.
Equity instruments included within the FVTPL category are measured at fair value with all changes 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 Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

► The rights to receive cash flows from the asset have expired, or

► The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets. The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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 EIR. When estimating the cash flows, an entity is required to consider:

► All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

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

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

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, trade and other payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including cash credit and financial guarantee contracts.

**Subsequent measurement**

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

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through Statement of profit and loss.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**r. Derivative financial instruments**

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

**s. Fair Value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

► In the principal market for the asset or liability, or

► In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

► Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

► Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

► Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**t. Contingent liability**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements unless the probability of outflow of resources is remote.

Provisions and contingent liabilities are reviewed at each balance sheet date.

**u. Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors identified as chief operating decision-maker (CODM). The CODM is responsible for allocating resources and assessing performance of the operating segments. Segments are organised based on type of services delivered or provided. Segment revenue arising from third party customers is reported on the same basis as revenue in the standalone Ind AS financial statements. Segment results represent profits before unallocated corporate expenses and taxes. "Unallocated Corporate Expenses" include expenses that relate to costs attributable to the Company as a whole and are not attributable to segments.

**v. Cash and Cash Equivalents**

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above as they are considered an integral part of the Company's cash management.

**w. Dividend Distributions**

The Company recognises a liability to make cash to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**x. Earnings per share**

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

Diluted earnings per share when applicable are calculated by dividing the net profit or loss (after tax) for the year attributable to equity shareholders by the weighted average number of equity shares which would be issued on the conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares when applicable are deemed converted as of the beginning of the period, unless they have been issued at a later date.

## 2.1 New and amended Standard

**(i) Amendments to Ind AS 116: Covid-19-Related Rent Concessions**

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the 1 April 2020. In case, a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the 1 April 2019. This amendment had no impact on the standalone financial statements of the Company.

**(ii) Amendments to Ind AS 103 Business Combinations**

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

These amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the 1 April 2020 and to asset acquisitions that occur on or after the beginning of that period. This amendment had no impact on the standalone financial statements of the Company but may impact future periods should the Company enter into any business combinations.

**(iii) Amendments to Ind AS 1 and Ind AS 8: Definition of Material**

The amendments provide a new definition of material that states, "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 amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the Standalone financial statements of, nor is there expected to be any future impact to the Company.
These amendments are applicable prospectively for annual periods beginning on or after the 1 April 2020. The amendments to the definition of material are not expected to have a significant impact on the Company's standalone financial statements.

**(iv) Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform**

The amendments to Ind AS 109 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the standalone financial statements of the Company as it does not have any interest rate hedge relationships.

The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are applicable for annual periods beginning on or after the 1 April 2020. These amendments are not expected to have a significant impact on the Company's standalone financial statements.

## 2.2 Standards issued but not yet effective

There are no standards that are issued but not yet effective on March 31, 2021.

**(Amount in INR Lacs)**

## 3 Property, plant and equipment

| Particulars | Freehold land | Buildings | Furniture & fittings | Plant & machinery | Electrical installations and equipment | Office equipment | Motor vehicles | Computers and data processing equipment | Ropeway Structure | Roads | Moulds & dies | Hydraulic works, pipelines | Total | Capital work- in- progress |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross block** | | | | | | | | | | | | | | |
| **As at 01 April 2019** | 2,598.15 | 7,471.64 | 557.60 | 13,943.06 | 806.88 | 122.12 | 667.63 | 593.41 | 37.39 | 125.28 | 493.94 | 157.94 | **27,575.04** | 805.72 |
| Additions | - | 298.59 | 8.23 | 1,291.63 | 78.57 | 13.28 | 70.53 | 118.77 | - | - | 172.04 | - | **2,051.64** | 269.72 |
| Disposal | - | - | (5.22) | (30.40) | (37.74) | (13.73) | (58.58) | (26.04) | - | - | (16.13) | - | **(187.84)** | (887.42) |
| **As at 31 March 2020** | **2,598.15** | **7,770.23** | **560.61** | **15,204.29** | **847.71** | **121.67** | **679.58** | **686.14** | **37.39** | **125.28** | **649.85** | **157.94** | **29,438.84** | **188.02** |
| Additions | - | 118.62 | 18.27 | 565.98 | 3.50 | 12.45 | 3.36 | 120.41 | - | - | 53.09 | - | **895.68** | 86.19 |
| Disposal | - | - | - | (94.41) | - | - | (7.96) | (152.31) | - | - | - | - | **(254.68)** | (129.41) |
| **As at 31 March 2021** | **2,598.15** | **7,888.85** | **578.88** | **15,675.86** | **851.21** | **134.12** | **674.98** | **654.24** | **37.39** | **125.28** | **702.94** | **157.94** | **30,079.84** | **144.80** |
| **Accumulated depreciation** | | | | | | | | | | | | | | |
| **As at 01 April 2019** | - | 816.41 | 211.03 | 3,130.34 | 316.54 | 80.24 | 198.79 | 292.33 | 7.51 | 40.65 | 152.90 | 40.13 | **5,286.87** | - |
| Charge for the year | - | 339.45 | 58.75 | 1,167.26 | 101.69 | 13.60 | 86.50 | 133.68 | 2.67 | 13.59 | 61.61 | 13.35 | **1,992.15** | - |
| Disposal/Adjustment | - | - | (3.20) | (16.40) | (15.64) | (11.54) | (37.61) | (21.67) | - | - | (12.02) | - | **(118.08)** | - |
| **As at 31 March 2020** | **-** | **1,155.86** | **266.58** | **4,281.20** | **402.59** | **82.30** | **247.68** | **404.34** | **10.18** | **54.24** | **202.49** | **53.48** | **7,160.94** | **-** |
| Charge for the year | - | 362.53 | 56.53 | 1,236.92 | 105.95 | 13.48 | 78.88 | 133.24 | 2.66 | 13.55 | 70.15 | 13.13 | **2,087.03** | - |
| Disposal/Adjustment | - | - | - | (94.41) | - | - | (3.63) | (142.69) | - | - | - | - | **(240.74)** | - |
| **As at 31 March 2021** | **-** | **1,518.39** | **323.11** | **5,423.71** | **508.54** | **95.78** | **322.93** | **394.89** | **12.84** | **67.79** | **272.64** | **66.61** | **9,007.23** | **-** |
| **Net Block:** | | | | | | | | | | | | | | |
| **As at 31 March 2020** | 2,598.15 | 6,614.37 | 294.03 | 10,923.09 | 445.12 | 39.37 | 431.90 | 281.80 | 27.21 | 71.04 | 447.36 | 104.46 | **22,277.90** | 188.02 |
| **As at 31 March 2021** | 2,598.15 | 6,370.46 | 255.77 | 10,252.15 | 342.67 | 38.34 | 352.05 | 259.35 | 24.55 | 57.49 | 430.30 | 91.33 | **21,072.61** | 144.80 |

**Notes:**

**i)** On transition to Ind AS (i.e. 1 April 2015), the Company has elected to continue with the carrying value of all Property, plant and equipment measured as per previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

**ii) Capital work-in-progress**

Capital work-in progress is comprised of expenditure on buildings under course of construction in respect of factory buildings.

**iii) Property plant and equipment pledged as security**

Refer note 10(A) and 10(B) for information on property, plant and equipment pledged as security for borrowings by the Company.

**iv) Assets held with third party**

Plant and Machinery includes Gross Block of INR 166.53 lacs, net block of INR 79.43 lacs.( 31 March 2020: Gross block of INR 172.08 lacs, net block of INR 97.15 lacs) held by third party.

**v) Capitalised borrowing cost**

The company has exercised option under notification number GIR 914 (E) dated 29 December 2011 issued by Ministry of Corporate Affairs in earlier years, accordingly net exchange difference loss / (gain) of INR NIL ; (31 March 2020: INR (0.20) lacs) on long term foreign currency borrowing has been capitalised.

**(Amount in INR Lacs)**

**3 (a) Intangible assets**

| Particulars | Software | Intangible asset under development | Total |
|---|---|---|---|
| **Gross block** | | | |
| **As at 1 April 2019** | **460.89** | **34.00** | **494.89** |
| Additions | 99.20 | - | 99.20 |
| Disposal | - | (34.00) | (34.00) |
| **As at 31 March 2020** | **560.09** | **-** | **560.09** |
| Additions | 74.43 | - | 74.43 |
| Disposal | - | - | - |
| **As at 31 March 2021** | **634.52** | **-** | **634.52** |
| **Accumulated Amortisation** | | | |
| **As at 1 April 2019** | **262.81** | **-** | **262.81** |
| Charge for the year | 76.01 | - | 76.01 |
| Disposal | - | - | - |
| **As at 31 March 2020** | **338.82** | **-** | **338.82** |
| Charge for the year | 75.64 | - | 75.64 |
| Disposal | - | | - |
| **As at 31 March 2021** | **414.46** | **-** | **414.46** |
| **Net Block:** | | | |
| As at 31 March 2020 | 221.27 | - | 221.27 |
| **As at 31 March 2021** | **220.06** | **-** | **220.06** |

**Note to the Intangible assets:**
On transition to Ind AS (i.e. 1 April 2015), the Company has elected to continue with the carrying value of all intangible measured as per previous GAAP and use that carrying value as the deemed cost of intangible assets.

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**(Amount in INR Lacs)**

**4 Investment**

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Investments at cost:** | | |
| **Unquoted:** | | |
| **A. Investment in subsidiaries** | | |
| Investment in equity shares of subsidiary companies | | |
| a. In Malwa Power Private Ltd. | 897.80 | 897.80 |
| - 122,09,680 (31 March 2020: 122,09,680) equity shares of Rs. 10/- each fully paid up | | |
| b. In Dee Fabricom India Private Ltd. | 900.00 | 900.00 |
| - 90,00,000 (31 March 2020: 90,00,000) equity shares of Rs. 10/- each fully paid up | | |
| c. In Dee Piping Systems Thailand Co., Ltd # | 3,913.22 | 3,913.22 |
| - 400,00,000 (31 March 2020: 400,00,000) equity shares of THB 5/- each fully paid up | | |
| d. In Atul Krishan Bansal Foundation | 1.00 | - |
| - 10,000 (31 March 2020: nil) equity shares of Rs. 10/- each fully paid up | | |
| | 5,712.02 | 5,711.02 |
| **B. Investment in jointly controlled entity** | | |
| a. In DEE Fabricom LLC | 85.48 | 85.48 |
| - 49 (31 March 2020: 49) equity shares of AED 10,000 each at AED 10,000/- paid up | | |
| Less : Impairment in value of investment of Dee Fabricom LLC | (85.48) | (85.48) |
| | - | - |
| **Total investments** | **5,712.02** | **5,711.02** |
| Aggregate amount of unquoted investment | **5,797.50** | **5,796.50** |
| Aggregate amount of impairment in value of investment | **85.48** | **85.48** |

# The Company has made strategic investment in subsidiary to have wider market spread and overall growth of group. Subsidiary is in initial stage of its operation therefore it is incurring losses. Based on the projections and business plans of Company, there are no indicators for impairment.

All the investment in equity shares of subsidiaries and jointly controlled entity are valued at cost as per IND AS 27 'Separate Financial Statement'

**5 Financial assets**

**5(A) Trade receivables**

| Particulars | Current | |
|---|---|---|
| | As at 31 March 2021 | As at 31 March 2020 |
| **Unsecured, considered good** | | |
| Trade receivables | 18,007.82 | 17,507.54 |
| Trade receivables from related parties(refer note 29) | 58.19 | 244.79 |
| **Total receivables** | **18,066.01** | **17,752.33** |

-No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies, respectively in which any director is a partner, a director or a member except as disclosed above.

-For terms and conditions relating to related party receivables, refer note 29

-Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

-Trade Receivable includes Amount not yet due Rs. 9,931.05 Lacs (31st March 2020 : Rs. 10,761.98 Lacs)

**5(B) Loans (unsecured, considered good unless otherwise stated)**

| Particulars | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2021 | As at 31 March 2020 |
| **Financial assets carried at amortised cost:** | | | | |
| Security deposits | 74.64 | 77.28 | 6.80 | - |
| Inter corporate loan to a related party (refer note 29) | 6,959.21 | 6,205.30 | 240.27 | - |
| **Total loans** | **7,033.85** | **6,282.58** | **247.07** | **-** |

**5(C) Cash and cash equivalents**

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Cash on hand | 3.88 | 5.78 |
| Balances with banks | 369.24 | 37.54 |
| **Total** | **373.12** | **43.32** |
| **Bank balances other than cash and cash equivalents** | | |
| Deposits with | | |
| - Original maturity for less than twelve months* | 2,740.90 | 3,156.21 |
| - Original maturity for more than twelve months* | 392.22 | 518.75 |
| | **3,133.12** | **3,674.96** |
| -Less: amount disclosed under other financial assets (Note 55(D)) | (3,133.12) | (3,674.96) |
| **Total** | - | - |

* Deposits given as margin money against non fund based facilities (letter of credit, buyer's credit, bank guarantee) and collateral security

As at 31 March 2021, the Company has INR 6,019.30 lacs (31 March 2020: INR 2,764.45 lacs) of undrawn borrowing facilities from various banks.

**(Amount in INR Lacs)**

### 5(D) Other financial assets

| Particulars | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2021 | As at 31 March 2020 |
| **Unsecured considered good unless otherwise stated** | | | | |
| **Financial assets classified at amortised cost:** | | | | |
| Term deposits with original maturity beyond 12 months * | 392.22 | 518.75 | - | - |
| Term deposits with original maturity less than 12 months* | - | - | 2,740.90 | 3,156.21 |
| Interest receivable (refer note 29 for related party balances) | 448.51 | - | 55.30 | 118.94 |
| **Financial assets classified at fair value through profit or loss:** | | | | |
| Foreign exchange forward contracts (refer note (a) below) | - | - | 104.40 | - |
| **Total** | **840.73** | **518.75** | **2,900.60** | **3,275.15** |

* Deposits given as margin money against non fund based facilities (letter of credit, buyer's credit, bank guarantee) and collateral security

**Note:**
a. while the Company entered into foreign exchange forward contracts with the intention of reducing the foreign exchange risk of expected sales and purchases, these contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

**Net debt reconciliation**
This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

| Particulars | Cash and cash equivalents (a) | Non current Borrowing (b) | Current Borrowing (c ) | Total (d=b+c-a) |
|---|---|---|---|---|
| **Net debt as at 1 April 2019** | 1,480.66 | 1,654.69 | 22,052.03 | 22,226.06 |
| Cash flows | (1,437.34) | (283.81) | (2,982.62) | (1,829.09) |
| Foreign exchange adjustments | - | - | - | - |
| Interest expenses including borrowing charges | - | 317.21 | 2,400.10 | 2,717.31 |
| Interest paid | - | (317.21) | (2,367.63) | (2,684.84) |
| Other non-cash movement | | | | |
| Transaction cost adjustment | - | - | (32.47) | (32.47) |
| **Net debt as at 31 March 2020** | **43.32** | **1,370.88** | **19,069.41** | **20,396.97** |

| Particulars | Cash and cash equivalents (a) | Non current Borrowing* (b) | Current Borrowing (c ) | Total (d=b+c-a) |
|---|---|---|---|---|
| **Net debt as at 1 April 2020** | 43.32 | 1,370.88 | 19,069.41 | 20,396.97 |
| Cash flows | 329.80 | 497.53 | (4,050.31) | (3,882.58) |
| Foreign exchange adjustments | - | - | (69.11) | (69.11) |
| Interest expenses including borrowing charges | - | 261.57 | 1,608.76 | 1,870.33 |
| Interest paid | - | (261.57) | (1,674.00) | (1,935.57) |
| Other non-cash movement | | | | |
| Transaction cost adjustment | - | 2.66 | 118.23 | 120.90 |
| **Net debt as at 31 March 2021** | **373.12** | **1,871.07** | **15,002.98** | **16,500.93** |

* Includes current maturities of long term borrowings

### 6 Other assets

| Particulars | Non-current | | Current | |
|---|---|---|---|---|
| | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2021 | As at 31 March 2020 |
| **Unsecured considered good unless otherwise stated** | | | | |
| Capital advances | 191.76 | 189.68 | - | - |
| Prepaid expenses | 58.16 | 9.38 | 170.82 | 149.84 |
| Income tax recoverable (net of provision for tax) | - | - | 1.63 | 231.38 |
| Advance to suppliers | - | - | 725.10 | 379.40 |
| Export entitlement receivable | - | - | 595.50 | 580.92 |
| Advance to employees | - | - | 11.71 | 15.90 |
| Balance with government authorities | - | - | 1,571.79 | 1,417.90 |
| **Total (A)** | 249.92 | 199.06 | 3,076.55 | 2,775.34 |
| **Unsecured considered Doubtful** | | | | |
| Advance to suppliers | - | - | 65.39 | 65.39 |
| Less : Provision for doubtful advance | - | - | (65.39) | (65.39) |
| **Total (B)** | - | - | - | - |
| **Total other assets (A + B)** | **249.92** | **199.06** | **3,076.55** | **2,775.34** |

**(Amount in INR Lacs)**

**7 Inventories**
(Valued at lower of cost and net realizable value)

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Raw materials | 10,926.08 | 13,118.68 |
| Raw material in transit | 265.34 | 608.36 |
| Finished goods | 683.39 | 2,758.34 |
| Stock in trade | 24.86 | 10.90 |
| Work in progress | 3,464.55 | 4,883.81 |
| Stores and spares | 933.56 | 895.17 |
| Packing materials | 316.09 | 239.75 |
| **Total inventories** | **16,613.87** | **22,515.01** |

**8 Equity share capital**

**(A) Authorised share capital:**

| | Equity shares | | Compulsorily convertible Preference shares | |
|---|---|---|---|---|
| **Particulars** | **No. in lacs** | **INR lacs** | **No. in lacs** | **INR lacs** |
| **As at 31 March 2019** | 187.50 | 1,875.00 | 62.50 | 625.00 |
| Increase/ (decrease) during the year | - | - | - | - |
| **As at 31 March 2020** | 187.50 | 1,875.00 | 62.50 | 625.00 |
| Increase/ (decrease) during the year | - | - | - | - |
| **As at 31 March 2021** | **187.50** | **1,875.00** | **62.50** | **625.00** |

**(B) Terms/ rights attached to equity shares:**
The company has only one class of equity shares having par value of INR 10 per share. Each shareholder is entitled to one vote per share. The dividend except interim dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**(C) Issued and paid up equity share capital**

| Particulars | No. in lacs | INR lacs |
|---|---|---|
| **Equity shares of INR 10 each issued, subscribed and fully paid** | | |
| **As at 31 March 2019** | 156.93 | 1,569.27 |
| Increase/ (decrease) during the year | - | - |
| **As at 31 March 2020** | 156.93 | 1,569.27 |
| Increase/ (decrease) during the year | - | - |
| **As at 31 March 2021** | **156.93** | **1,569.27** |

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

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| **Particulars** | **No. in lacs** | **% of holding** | **No. in lacs** | **% of holding** |
| Mr. K. L. Bansal | 79.28 | 50.52% | 79.28 | 50.52% |
| First Carlyle Ventures III | 50.81 | 32.38% | 50.81 | 32.38% |
| DDE Piping Component Pvt. Ltd. | 14.94 | 9.52% | 14.94 | 9.52% |
| Mrs. Ashima Bansal | 8.80 | 5.61% | 8.80 | 5.61% |

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Subsequent to year end, the Company has buy back 50,84,891 number of shares (refer note 38 for further details)

**(E)** There are no equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

**(Amount in INR Lacs)**

**9 Other equity**

| | Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **(A)** | **Securities premium** | | |
| | Opening balance | 16,730.93 | 16,730.93 |
| | Increase/ (decrease) during the year | - | - |
| | Closing balance | **16,730.93** | **16,730.93** |
| **(B)** | **General reserve** | | |
| | Opening balance | 4,585.71 | 4,585.71 |
| | Increase/ (decrease) during the year | - | - |
| | Closing balance | **4,585.71** | **4,585.71** |
| **(C)** | **Retained earnings** | | |
| | Opening balance | 24,304.46 | 21,695.23 |
| | Add: Profit for the year | 2,211.63 | 2,756.86 |
| | Other comprehensive income/ (loss) for the year* | 22.85 | (53.04) |
| | Less : Dividend paid (refer note 41) | - | (78.46) |
| | Less : Dividend Distribution tax (refer note 41) | - | (16.13) |
| | **Closing balance** | **26,538.94** | **24,304.46** |
| | * The disaggregation of changes in OCI by each type of reserves in equity is disclosed in note 25. | | |
| | **Total reserves** | **47,855.58** | **45,621.10** |

**Nature and purpose of reserves :**

**Securities premium**
Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

**General reserve**
Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

**Retained earnings**
Represents surplus in the statement of profits and loss.

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## 10 Borrowings

### (A) Long-term borrowings

| Particulars | Non-current portion As at 31 March 2021 | Non-current portion As at 31 March 2020 | Current maturities As at 31 March 2021 | Current maturities As at 31 March 2020 |
|---|---|---|---|---|
| **Secured** | | | | |
| **Term Loan** | | | | |
| a. From Banks (refer note (a) below) | 787.85 | 726.45 | 1,021.48 | 516.87 |
| b. Vehicle Loan from Banks (refer note (b) below) | 21.52 | 58.40 | 40.22 | 69.16 |
| | 809.37 | 784.85 | 1,061.70 | 586.03 |
| Less: current maturities of long term debts disclosed under 'other financial liabilities' (refer note 11) | - | - | (1,061.70) | (586.03) |
| **Total** | **809.37** | **784.85** | **-** | **-** |

**Repayment Schedule of long term borrowing : non-current portion**

| Particulars | As at 31 March 2021 INR | As at 31 March 2021 Repayment Instalments | As at 31 March 2020 INR | As at 31 March 2020 Repayment Instalment |
|---|---|---|---|---|
| (i) **1 YR MCLR of 7.35% + BSS of 0.20% +CRP of 1.40% presently effectively 8.80%- 8.95% p.a.** (31 March 2020 : '1 YR MCLR of 8.65% + BSS of 0.30% +CRP of 1.40% presently effectively 10-10.35% p.a. (refer note a) | 426.45 | 1-9 equal quarterly instalments | 726.45 | 5-13 equal quarterly instalments |
| (ii) **1 Year MCLR, presently 7.35% effectively with monthly rest** (March 31 2020: Nil) (refer note b) | 361.40 | 6 equal monthly instalments | - | |
| (ii) **Presently 8.35% to 10.15%**, (31 March 2020: 8.00% to 10.15% p.a.) (Refer Note d) | 21.52 | 1-20 equal monthly instalments | 58.40 | 3-28 equal monthly instalments |
| | **809.37** | | **784.85** | |

a) Term loan from bank secured by first pari passu charge on both movable and immovable fixed assets (barring few specific fixed assets) of Piping Division of the Company.

b) First pari passu charge on all the current assets of Piping unit and Power unit, both present and future along with book-debts, bills, outstanding monies and receivables,all the fixed assets of power unit, Immovable property of 1770 Sq. Yard situated at Jatola Road, Tatarpur Industrial area, Maidapur of Piping unit, all the fixed assets situated at Chennai, Fixed deposit of Rs. 350 lacs and exclusive charge on fixed deposit of Rs. 15 lacs in favour of Bank of India

Further, there is Second pari passu charge on all the movable fixed assets, both present and future, of piping unit (excluding assets given against firts pari passu charge) and Residential house of Promoter situated at 1255, sector 14, Faridabad,

c) Further, term loans are secured by Irrevocable and unconditional, joint and several personal guarantee of the promoters and corporate guarantee of DEE Piping Components Private Limited.

d) Vehicle loan from bank secured by the vehicle of the Company financed under the scheme.

### (B) Short-term borrowings

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Secured** | | |
| Cash credits and WCDL (refer note a and b below) | | |
| (i) Cash credit | 863.12 | 4,107.41 |
| (ii) Export Packing Credit | - | 370.04 |
| (iii) Working capital demand loan | 13,117.58 | 12,758.10 |
| **Unsecured** | | |
| Buyer's credit and Bill Discounting from banks | 1,022.28 | 1,833.86 |
| **Total** | **15,002.98** | **19,069.41** |

**Notes:**

a) First pari passu charge on all the current assets of Piping unit and Power unit, both present and future along with book-debts, bills, outstanding monies and receivables,all the fixed assets of power unit, Immovable property of 1770 Sq. Yard situated at Jatola Road, Tatarpur Industrial area, Maidapur of Piping unit, all the fixed assets situated at Chennai, Fixed deposit of Rs. 350 lacs and exclusive charge on fixed deposit of Rs. 15 lacs in favour of Bank of India

Further, there is Second pari passu charge on all the movable fixed assets, both present and future, of piping unit (excluding assets given against firts pari passu charge) and Residential house of Promoter situated at 1255, sector 14, Faridabad,

b) Further, Cash credit and WCDL are secured by Irrevocable and unconditional, joint and several personal guarantee of the promoters and corporate guarantee of DEE Piping Components Private Limited.

**(Amount in INR Lacs)**

**11 Other financial liabilities**

| Particulars | Non-current As at 31 March 2021 | Non-current As at 31 March 2020 | Current As at 31 March 2021 | Current As at 31 March 2020 |
|---|---|---|---|---|
| **Financial liabilities classified at amortised cost:** | | | | |
| Current maturities of long-term debts (refer note 10(A) ) | - | - | 1,061.70 | 586.03 |
| Foreign exchange forward contracts | - | - | - | 171.71 |
| Creditors for capital goods | - | - | 45.24 | 1.22 |
| Interest accrued and not due on borrowings | - | - | 38.71 | 57.86 |
| Compensation payable | - | - | - | 75.00 |
| Lease Liabilities (refer note 36) | 199.77 | 79.43 | 53.71 | 24.74 |
| **Total other financial liabilities** | **199.77** | **79.43** | **1,199.36** | **916.56** |

**12 Provisions**

| Particulars | Non-current As at 31 March 2021 | Non-current As at 31 March 2020 | Current As at 31 March 2021 | Current As at 31 March 2020 |
|---|---|---|---|---|
| Provisions for gratuity | 95.34 | 72.69 | 49.88 | 40.64 |
| Provisions for compensated absences | - | - | 76.54 | 104.49 |
| Provision for Litigation {refer point a} | - | - | - | 15.55 |
| **Total provisions** | **95.34** | **72.69** | **126.42** | **160.68** |

a **Provision for Litigation**
It represent a charge against the wrong availment of input credit

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| At the beginning of the year | 15.55 | 15.55 |
| Created during the year | - | - |
| Paid/adjusted during the year | 15.55 | - |
| At the end of the year | - | **15.55** |

**13 Liabilities for current tax (net)**

| Particulars | Current As at 31 March 2021 | Current As at 31 March 2020 |
|---|---|---|
| Provision for current tax (Net of advance tax and TDS receivable) | - | 236.39 |
| | **-** | **236.39** |

**14 Other liabilities**

| Particulars | Non-current As at 31 March 2021 | Non-current As at 31 March 2020 | Current As at 31 March 2021 | Current As at 31 March 2020 |
|---|---|---|---|---|
| Statutory dues | - | - | 96.45 | 83.11 |
| Deferred revenue: | | | | |
| on government grant obligation | - | 48.07 | - | - |
| on advance received from MNRE | - | - | - | 5.70 |
| on advance licenses | 93.15 | 126.19 | - | - |
| Advance received from customers (refer note 17) | - | - | 1,053.62 | 4,099.50 |
| **Total other liabilities** | **93.15** | **174.26** | **1,150.07** | **4,188.31** |

**15 Income tax**

**(A)** The major components of income tax expense for the years ended 31 March 2021 and 31 March 2020 are:

**Statement of profit and loss:**

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **a ) Income tax expense reported in the statement of profit or loss** | | |
| **Current income tax:** | | |
| - Current income tax charge | 671.08 | 1,315.80 |
| - Adjustments in respect of current income tax of previous year | (12.85) | - |
| **Deferred tax:** | | |
| - Relating to origination and reversal of temporary differences (including DTL reversal of on account of adoption of new tax rate (refer note 40) | (766.83) | (108.44) |
| **Income tax expense reported in the statement of profit or loss** | **(108.60)** | **1,207.36** |
| **b) Other comprehensive Income section** | | |
| Re-measurement gain/(loss) on defined benefit plans | (7.87) | 28.49 |
| **Income tax charged to other comprehensive income** | **(7.87)** | **28.49** |

**(Amount in INR Lacs)**

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

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Accounting profit before tax | 2,103.03 | 3,964.22 |
| At India's statutory income tax rate of 25.168% (31 March 2020: 34.944%) | 529.29 | 1,385.26 |
| **Tax effect of amounts which are not deductible (taxable) in calculating taxable income:** | | |
| Tax impact due to adoption of new tax rate as per Income-tax Act, 1961 (Refer note 40 ] | (758.47) | - |
| Tax relating to earlier years | (12.85) | - |
| Tax impact of expenses not deductible under Income-tax Act, 1961 | 48.63 | 160.76 |
| Others | 84.80 | (338.66) |
| **Income tax expense** | **(108.60)** | **1,207.36** |
| Income tax expense reported in the statement of profit and loss | **(108.60)** | **1,207.36** |

**(C) Deferred tax**

**Deferred tax relates to following:**

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Balance sheet** | | |
| Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting | (2,168.76) | (3,058.01) |
| Impact of deferred government grant | - | 18.79 |
| Impact on Employee benefit | 56.83 | 73.96 |
| Impact on deferred marked to market (gain)/ loss | (26.75) | 60.00 |
| Expenditure allowed for tax purposes on payment basis | 15.24 | 22.85 |
| **Net deferred tax assets/ (liabilities)** | **(2,123.44)** | **(2,882.41)** |

| Statement of profit and loss | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting | (130.78) | (5.36) |
| Impact due to adoption of new tax rate as per Income-tax Act, 1961 (Refer note 40 ] | (758.47) | |
| Impact of deferred government grant | 18.79 | (8.23) |
| Impact on deferred marked to market | 86.75 | (105.17) |
| Impact on Employee benefit | 9.26 | (33.19) |
| Expenditure allowed for tax purposes on payment basis | 7.62 | 43.51 |
| **Deferred tax expense/ (income)** | **(766.83)** | **(108.44)** |
| **Other Comprehensive Income** | | |
| Impact on defined benefit plans | (7.87) | (28.49) |
| **Deferred tax expense / (income)** | **(7.87)** | **(28.49)** |

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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**(Amount in INR Lacs)**

## 16 Trade Payables

| Particulars | Current As at 31 March 2021 | Current As at 31 March 2020 |
|---|---|---|
| Trade payables * | 6,317.94 | 6,047.74 |
| Trade payables to Micro, Small and Medium Enterprises # | 238.24 | 52.40 |
| **Total trade payables** | **6,556.18** | **6,100.14** |

**Terms and conditions of the above financial liabilities:**
- Trade payables are non-interest bearing and are normally settled on 0 to 60 days terms
- For terms and conditions relating to related party payables, refer to note 29
- For explanations on the Company's credit risk management processes, refer to note 34

*** Includes following :**

| | | |
|---|---|---|
| - Acceptances | 453.66 | 102.24 |
| - For payable to related parties, refer to note 29 | 41.46 | 30.72 |

**# Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | 238.24 | 52.40 |
| Principal amount due to micro and small enterprises | 238.24 | 52.40 |
| Interest due on above | - | - |
| The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006. | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | - | - |

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**(Amount in INR Lacs)**

## 17 Revenue from operations

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **Sale of products:** | | |
| Sale of finished goods | 34,858.47 | 52,248.12 |
| Sale of traded goods | 27.50 | 1,097.51 |
| **Sale of electricity** | 3,325.15 | 3,458.65 |
| **Sale of service:** | | |
| Job work | 1,891.74 | 3,411.86 |
| Erection and Design services | 225.18 | 760.79 |
| **Other Operating Income:** | | |
| Sale of Scrap | 464.52 | 572.27 |
| Export Incentive | 352.22 | 419.89 |
| **Total revenue from operations** | **41,144.78** | **61,969.09** |
| **Timing of revenue recognition** | | |
| Revenue recognition at a point of time | 41,144.78 | 61,969.09 |
| **Total revenue from contracts with customers** | **41,144.78** | **61,969.09** |

**Contract Balances**

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Trade receivables from contracts under Ind AS 115 (refer note 5A) | 18,066.01 | 17,752.33 |
| **Contract Assets** | - | - |
| **Contract liabilities** | | |
| Advance from customers | 1,053.62 | 4,099.50 |
| | **19,119.63** | **21,851.83** |

Contract liabilities include amount received from customers as per the terms of sales order to deliver goods. Once the goods are completed and control is transferred to customers the same is adjusted accordingly.

**Significant changes in the contract assets and the contract liabilities balances during the year are as follows**

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Movement of contract liability** | | |
| Amounts included in contract liabilities at the beginning of the year | 4,099.50 | 9,458.27 |
| Performance obligations satisfied during the year | (2,741.80) | (6,683.82) |
| Amount received/ adjusted against contract liability during the year | (304.08) | 1,325.05 |
| | | - |
| **Amounts included in contract liabilities at the end of the year** | **1,053.62** | **4,099.50** |

**Performance obligation**

**Information about the Company's performance obligations for material contracts are summarised below:**

The performance obligation of the Company in case of sale of Products is satisfied once the goods are transported as per terms of order and control is transferred to the customers.

The customer makes the payment for contracted price as per terms stipulated under customers purchase order.

**Information about the Company's performance obligations for electricity supply contract are summarised below:**
The performance obligation of the Company in case of sale of electricity is based on supply of electricity through installed meters. Revenue from sales of electricity is accounted for on the basis of billing to customer based on billing cycles followed by the Company.

The customer makes the payment for electricity supplied during the billing cycle at contracted price as per terms stipulated under agreement.

There is no remaining performance obligation as on year ended March 31, 2021

(Amount in INR Lacs)

**18 Other income**

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Interest income | | |
| - from Bank | 191.71 | 281.08 |
| - on Income tax refund | 23.16 | - |
| - from loan to related party (refer note 29) | 490.55 | 512.33 |
| Gain on foreign exchange (net) | 263.47 | 550.78 |
| Rent income | 12.00 | 12.00 |
| Amortization of deferred revenue: | | |
| on export promotion capital goods scheme | 53.58 | 60.07 |
| on advance received from MNRE | 5.70 | 7.64 |
| on advance licenses | 583.54 | 400.53 |
| Miscellaneous income | 4.19 | 14.10 |
| **Total other income** | **1,627.90** | **1,838.53** |

**19 Cost of raw material consumed**

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Inventory at the beginning of the year | 13,727.04 | 17,628.64 |
| **Add**: Purchase during the year | 15,591.28 | 33,008.01 |
| | 29,318.32 | 50,636.65 |
| **Less**: Inventory at the end of the year | 11,191.44 | 13,727.04 |
| Cost of raw material consumed | **18,126.88** | **36,909.61** |

**20 Changes in inventories of finished goods, stock in trade and work in progress**

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **Opening stock** | | |
| - Work-in-progress | 4,883.81 | 5,428.99 |
| - Finished goods | 2,758.34 | 1,153.51 |
| - Stock in trade | 10.90 | 94.83 |
| **Less: Closing stock** | | |
| - Work-in-progress | 3,464.55 | 4,883.81 |
| - Finished goods | 683.39 | 2,758.34 |
| - Stock in trade | 24.86 | 10.90 |
| **Total change in inventories of finished goods, stock in trade and work in progress** | **3,480.25** | **(975.72)** |

**21 Employee benefits expense**

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Salaries, wages and bonus | 4,672.91 | 5,567.03 |
| Contribution to provident and other funds | 151.34 | 161.28 |
| Gratuity expense (refer note 28) | 68.68 | 66.59 |
| Staff welfare expenses | 98.05 | 149.73 |
| **Total employee benefits expense** | **4,990.98** | **5,944.63** |

**(Amount in INR Lacs)**

## 22 Depreciation and amortization expense

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Depreciation on tangible assets (refer note 3 Property, plant and equipment) | 2,087.03 | 1,992.15 |
| Amortisation of intangible assets (refer note 3 (a) Intangible assets) | 75.64 | 76.01 |
| Depreciation on right of use assets (refer note 36) | 49.88 | 23.95 |
| **Total** | **2,212.55** | **2,092.11** |

## 23 Other expenses

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Consumption of stores and spare parts | 1,643.99 | 2,274.62 |
| Packing material consumed | 1,156.87 | 1,813.14 |
| Fabrication and job charges | 2,264.24 | 2,321.34 |
| Repair and maintenance: | | |
| - Buildings | 29.57 | 41.36 |
| - Plant and machinery | 305.34 | 294.76 |
| - Other | 51.41 | 58.49 |
| Office and factory maintenance | 69.12 | 84.55 |
| Lease rentals including machine hire charges | 50.54 | 48.98 |
| Rates and taxes | 67.94 | 50.38 |
| Insurance | 103.06 | 82.02 |
| Power, fuel and water charges | 702.02 | 924.77 |
| Radiography and inspection | 365.40 | 402.81 |
| Auditor's remuneration (refer note 23 (a) below) | 30.46 | 25.80 |
| Selling commission and other selling expenses | 225.64 | 304.71 |
| Freight and forwarding (net of recovery) | 984.18 | 624.22 |
| Claims and deductions | 344.62 | 432.67 |
| Legal and professional | 418.94 | 467.59 |
| Travelling & Conveyance | 182.21 | 361.59 |
| Bank charges | 254.05 | 433.78 |
| Provision for doubtful debts and advance | - | 65.39 |
| Sundry balances written off | 2.17 | 23.71 |
| Impairment in value of Investments in Jointly controlled entity | - | 85.48 |
| Loss on sale/ discard of fixed assets (net) | 7.98 | 42.27 |
| Donation | 6.00 | 4.86 |
| Security and servicing charges | 171.56 | 163.47 |
| CSR expenses (refer note 23(b) below) | 76.21 | 114.29 |
| Directors 'sitting fees | 6.00 | 2.50 |
| Miscellaneous | 365.11 | 324.56 |
| **Total** | **9,884.63** | **11,874.11** |

## 23 (a) Payment to auditors :

| Payment to auditors : | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **As auditor:** | | |
| - Statutory audit fee | 20.00 | 22.00 |
| **In other capacity:** | | |
| - Other services (certification fees) | 10.00 | 1.00 |
| - Reimbursement of expenses | 0.46 | 2.80 |
| **Total** | 30.46 | 25.80 |

**(Amount in INR Lacs)**

**23 (b) Details of CSR expenditure:**

| **Particulars** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| (a) Gross amount required to be spent by the Company during the year | 76.21 | 67.35 |
| (b) Amount spent during the year | | |
| (i) Construction/ acquisition of any asset | - | 7.87 |
| (ii) On purpose other than (i) above | 76.21 | 106.42 |
| (c) Bifurcation of above amount | | |
| (i) Amount spent in cash | 33.71 | 114.29 |
| (ii) Amount yet to be paid in cash* | 42.50 | - |

*The amount has been subsequently deposited with Atul krishan Bansal Foundation, a wholly owned subsidiary, to carry out CSR activities.

**Details of ongoing project**
In case of S. 135(6) (Ongoing Project)

**24 Finance costs**

| **Particulars** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| Interest Expense | | |
| - on term loans | 96.30 | 155.18 |
| - on others | 1,608.76 | 2,400.10 |
| Interest on lease liability (refer note 36) | 19.11 | 10.98 |
| Other borrowing cost | 165.27 | 162.03 |
| Exchange difference regarded as an adjustment to borrowing cost | 46.09 | 262.28 |
| **Total** | **1,935.53** | **2,990.57** |

**25 Components of Other Comprehensive Income (OCI)**

| **Particulars** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| **Retained Earnings** | | |
| Re-measurement gain/ (losses) on defined benefit plans | 30.72 | (81.53) |
| Less: Tax impact of above items | (7.87) | 28.49 |
| | **22.85** | **(53.04)** |

**26 Earnings per share (EPS)**

Basic EPS amounts is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

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

| **Particulars** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| Profit attributable to equity holders of the Company for basic and diluted earnings (A) | 2,234.48 | 2,703.82 |
| Weighted average number of Equity shares for basic and diluted EPS* (B) | 15,692,719 | 15,692,719 |
| **Earnings per share (A/B)** | | |
| - Basic earnings per share | 14.09 | 17.23 |
| - Diluted earnings per share | 14.09 | 17.23 |

* There have been no transaction involving Equity shares or potential Equity shares during the year .

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

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Judgements**
In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

**Classification of leases –**
The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

**Determining the lease term of contracts with renewal and termination options (Company as lessee)-**
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

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

**Valuation of Investment in subsidiaries and jointly controlled entity**
Investments in subsidiaries and Jointly controlled entity are carried at cost. At each balance sheet date, the management assesses the indicators of impairment of such investments. This requires assessment of several external and internal factor including capitalisation rate, key assumption used in discounted cash flow models (such as revenue growth, unit price and discount rates) or sales comparison method which may affect the carrying value of investments in subsidiaries and Jointly controlled entity.

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

**- Taxes**
Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**- Defined benefit plans (gratuity)**
The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds with term that correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity and long term compensated absences obligations are given in Note 28

**- Fair value measurement of financial instruments**
When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 32 for further disclosures.

**- Useful Lives of Property Plant and Equipment**
The Company, based on technical assessment made by technical expert and management estimate, depreciates plant and machineries of piping division over estimated useful lives of 10 to 25 years which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

**(Amount in INR Lacs)**

## 28 Gratuity and other post-employment benefit plans

### A. Defined benefit plans - general description

The Company has a defined gratuity benefit plan. Every employee who completes service of five years or more, gets a gratuity, of 15 days salary (last drawn salary) for each completed year of service.
The following tables summaries the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the balance sheet for the plan (based on actuarial valuation) :

**Amount recognised in statement of profit and loss**

**Net employee benefit expense recognized in the employee cost:**

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Service cost | 60.97 | 61.57 |
| Net interest cost | 7.71 | 5.02 |
| Expenses recognised in the statement of profit and loss | **68.68** | **66.59** |

**Amount recognised in other comprehensive income**

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Net actuarial (gain)/ loss recognised in the year | (30.72) | 81.53 |
| Expenses recognised in the other comprehensive income | **(30.72)** | **81.53** |

**Balance sheet**

**Benefit asset/ liability**

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Present value of defined obligation at the end of the year | 556.80 | 506.83 |
| Less : Fair value of the plan assets at the end of the year | 411.58 | 393.51 |
| Net present value of defined benefit obligation | **145.22** | **113.32** |

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

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Opening defined benefit obligation | 506.83 | 368.12 |
| Service cost | 60.97 | 61.57 |
| Interest cost | 34.46 | 28.20 |
| Benefits paid | (14.05) | (31.89) |
| Actuarial (gain)/ loss on obligation | (31.41) | 80.83 |
| Closing defined benefit obligation | **556.80** | **506.83** |

**Changes in the fair value of plan assets are as follows:**

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Opening fair value of plan assets | 393.51 | 302.57 |
| Expected return on plan assets | 28.16 | 24.41 |
| Mortality charges | (2.09) | (1.92) |
| Contribution by the employer | 6.06 | 100.34 |
| Benefits paid | (14.06) | (31.89) |
| Closing fair value of plan assets | **411.58** | **393.51** |

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

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| The scheme is funded through a trust and funds are managed by Life Insurance Corporation of India | 100% | 100% |

**(Amount in INR Lacs)**

**B. The principal actuarial assumptions used in determining gratuity are as follows:**

**(a) Economic assumptions**

| **Particulars** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| Discount rate | 6.80% | 6.80% |
| Average salary escalation rate | 6.00% | 6.00% |
| Attrition at Ages | Withdrawal rate % | Withdrawal rate % |
| Up to 30 Years | 3.00 | 3.00 |
| From 31 to 44 years | 2.00 | 2.00 |
| Above 44 years | 1.00 | 1.00 |

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

**C. Demographic assumptions**

| **Particulars** | **Year ended 31 March 2021** | **Year ended 31 March 2020** |
|---|---|---|
| Retirement age | 58 years | 58 years |
| Mortality table | 100% of IALM (2012 - 14) | 100% of IALM (2012 - 14) |

**D. A quantitative sensitivity analysis for significant assumption as at 31 March is as shown below:**

| **Assumptions** | **Sensitivity Level** | **Impact on defined benefit obligation** |
|---|---|---|
| **Discount rate:** | | |
| 31 March 2021 | Increase of 0.50% | -32.43 |
| | Decrease of 0.50% | 35.64 |
| 31 March 2020 | Increase of 0.50% | -30.45 |
| | Decrease of 0.50% | 33.54 |
| **Future salary increases:** | | |
| 31 March 2021 | Increase of 0.50% | 35.74 |
| | Decrease of 0.50% | -32.81 |
| 31 March 2020 | Increase of 0.50% | 33.63 |
| | Decrease of 0.50% | -30.81 |

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

**E. The following payments are expected contributions to the defined benefit plan in future years:**

| **Particulars** | **31 March 2021** | **31 March 2020** |
|---|---|---|
| Within the next 12 months (next annual reporting period) | 49.88 | 40.64 |
| Between 2 and 5 years | 82.87 | 82.59 |
| Beyond 5 years | 424.05 | 383.60 |
| **Total expected payments** | **556.80** | **506.83** |

The average duration of the defined benefit plan obligation at the end of the reporting period is 17.83 (31 March 2020: 18.25 years)

**(Amount in INR Lacs)**

## 29 Related party transactions

**(A) Names of related parties and related party relationship**

| Nature of relationship | Name of related parties |
|---|---|
| **(i) Subsidiary Companies:** | Malwa Power Pvt. Ltd.<br>Dee Piping Systems (Thailand) Company Ltd.<br>Dee Fabricom India Pvt. Ltd.<br>Atul Krishan Bansal Foundation (w.e. f 22 January, 2021) |
| **(ii) Jointly controlled entity** | Dee Fabricom LLC |
| **(iii) Key management personnel:** | Mr. K.L. Bansal (Chairman and Managing Director)<br>Mr. Atul Krishan Bansal ( up to 16 November, 2020)<br>Mrs. Ashima Bansal (Director)<br>Mrs. Shikha Bansal (Whole-time Director w.e.f 01 December, 2020)<br>Mr. Gaurav Narang (Chief Financial Officer)<br>Mr. Ranjan Sarangi (Company secretary) |
| **(iv) Relative of key management personnel** | Mrs. Shruti Aggarwal (daughter of Mr. K. L. Bansal)<br>Mrs. Shikha Bansal (wife of Mr. Atul Krishan Bansal, up to November 16, 2021) |
| **(v) Independent Director** | Mr. Ajay Kumar Marchanda<br>Mr. Satish Kumar |

**(B) The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:**

| Name of related party | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **(i) with subsidiary company** | | |
| **(a) Malwa Power Pvt. Ltd.** | | |
| Sales of product | 41.92 | 23.09 |
| Interest Income | 49.58 | 125.97 |
| Loan Given | 847.10 | 924.58 |
| Repayment of Loan | 1,301.86 | 1,579.55 |
| Corporate Guarantee given to a Bank for loan taken | 900.00 | - |
| **(b) Dee Piping Systems (Thailand) Company Ltd.** | | |
| Investment in Equity Shares | - | 10.03 |
| Sales of product | 12.49 | 1,493.96 |
| Interest Income | 339.00 | 320.65 |
| Purchase of goods | 195.93 | 16.08 |
| Job charges | 46.21 | - |
| Loan Given | 982.44 | 2,492.66 |
| Repayment of Loan (T/f from loan to investment in share capital) | - | 10.03 |
| Corporate Guarantee/SBLC accepted during the year | - | 6,784.73 |
| **(c) Dee Fabricom India Pvt. Ltd.** | | |
| Sales of product | - | 3.74 |
| Purchase of goods | 22.77 | 24.85 |
| Job charges | 225.00 | - |
| Interest Income | 101.97 | 65.71 |
| Loan Given | 841.50 | 2,350.45 |
| Repayment of Loan | 375.00 | 1,653.99 |
| Investment in Equity Shares | - | 200.00 |
| Corporate Guarantee accepted during the year | - | 3,640.00 |
| **(d) Atul Krishan Bansal Foundation** | | |
| Investment in Equity Shares | 1.00 | - |
| CSR Expenses | 5.50 | - |

**(Amount in INR Lacs)**

**(ii) With Key management personnel and their relatives:**

| Name | Nature of transaction | year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| Mr. K. L. Bansal | Rent Payment | 0.60 | 0.60 |
| Mr. K. L. Bansal | Remuneration | 232.87 | 196.60 |
| Mrs. Ashima Bansal | Remuneration | 81.00 | 81.40 |
| Mrs. Shikha Bansal | Remuneration | 12.00 | - |
| Mrs. Shruti Aggarwal | Remuneration | 18.63 | 18.40 |
| Mr. Gaurav Narang | Remuneration | 38.59 | 40.46 |
| Mr. Ranjan Sarangi | Remuneration | 13.36 | 14.11 |
| Mr. Ajay Kumar Marchanda | Sitting fees | 3.25 | 1.00 |
| Mr. Satish Kumar | Sitting fees | 2.75 | 1.50 |

**(C) Following are the balances outstanding as at year end:**

| Name of related party | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **(i) With wholly owned subsidiary companies** | | |
| **(a) Malwa Power Pvt. Ltd.** | | |
| Loans Given | 240.27 | 695.03 |
| Interest Receivable | 45.87 | - |
| Corporate Guarantee given to Indian Banker | 1,027.08 | 876.05 |
| **(b) Dee Piping Systems (Thailand) Company Ltd.** | | |
| Loans Given | 5,796.25 | 4,813.81 |
| Interest Receivable (net of withholding tax) | 448.51 | **109.51** |
| Corporate Guarantee given to Foreign Banker | 4,553.35 | 4,526.59 |
| Trade receivable | 58.19 | 140.03 |
| Advance given | 224.44 | 127.88 |
| **(c) Dee Fabricom India Pvt. Ltd.** | | |
| Loans Given | 1,162.96 | 696.46 |
| Corporate Guarantee given to Indian Banker | 2,464.59 | 2,784.31 |
| Advance given | 45.00 | - |
| **(ii) With jointly controlled entity** | | |
| Dee Fabricom LLC - Trade receivable | - | 104.76 |
| **(iii) With Key management personnel and their relatives:** | | |
| **Account payable:** | | |
| Mr. K.L. Bansal | 26.62 | 19.67 |
| Mr. Atul Krishan Bansal | - | 0.45 |
| Mrs. Ashima Bansal | 5.63 | 4.51 |
| Mrs. Shikha Bansal | 2.64 | - |
| Mrs. Shruti Aggarwal | 1.39 | 0.78 |
| Mr. Gaurav Narang | 4.13 | 4.14 |
| Mr. Ranjan Sarangi | 1.05 | 1.17 |

Apart from above, Mr. K.L. Bansal, Mr and Mrs. Ashima Bansal have given personal guarantees as a collateral for securing borrowings from the banks.

In the opinion of the Board of directors, the current assets, investments, loan and advances have the value at which they are stated in the balance sheet, if realised in the ordinary course of business and provisions for all known liabilities have been adequately made in the accounts.

**(D) Compensation of key management personnel of the Company**

| Name of related party | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| Short-term employee benefits | 396.44 | 350.97 |
| Post-employment gratuity and medical benefits | 0.85 | 2.96 |
| Total compensation paid to key management personnel | 397.29 | 353.93 |

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

**(E) Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free other than unsecured loan .

For the year ended 31 March 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**(Amount in INR Lacs)**

**(F) Disclosure required under Sec 186(4) of the Companies Act 2013**

Included in loan and advance are certain inter/corporate deposits the particulars of which are disclosed below the required by Sec 186 (4) of Companies Act 2013:

| Name of the loanee/Investment | Rate of Interest | Due Date | March 31,2021 | March 31,2020 |
|---|---|---|---|---|
| **Malwa Power Pvt. Ltd.** | | | | |
| - Unsecured loan | **10%** (March 31, 2020: 10%) | **Payable on demand,** (March 31, 2020: December 30, 2022) | 240.27 | 695.03 |
| - Interest Receivable | Not Applicable | Not Applicable | 45.87 | - |
| - investment in wholly owned subsidiary | Not Applicable | Not Applicable | 897.80 | 897.80 |
| **Dee Fabricom India Pvt. Ltd.** | | | | |
| - investment in wholly owned subsidiary | Not Applicable | Not Applicable | 900.00 | 900.00 |
| - Unsecured loan | **10%** (March 31, 2020: 10%) | Payable on demand (March 31, 2020: Payable on demand) | 1,162.96 | 696.46 |
| **Dee Piping Systems Thailand Co. Ltd** | | | | |
| - investment in wholly owned subsidiary | Not Applicable | Not Applicable | 3,913.22 | 3,913.22 |
| - Interest Receivable | Not Applicable | **December 31, 2022** (March 31, 2020: December 31, 2022) | 448.51 | 109.51 |
| - Unsecured loan | **10% up to 30 June, 2020 and 5.25% thereafter** (March 31, 2020: 10%) | Payable on demand (March 31, 2020: Payable on demand) | 5,796.25 | 4,813.80 |
| **Atul Krishan Bansal Foundation** | | | | |
| - investment in wholly owned subsidiary | Not Applicable | Not Applicable | 1.00 | - |
| **Dee Fabricom LLC** | | | | |
| - Investment in jointly controlled entity* | Not Applicable | Not Applicable | 85.48 | 85.48 |

* During the year ended 31 March 2020, provision has been created for value of investment in Dee Fabricom LLC.

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## 30 Commitments and Contingencies

### A. Commitments

**Capital Commitments**

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid INR 191.76 lacs) (31 March 2020: INR 189.68 lacs) | 73.10 | 128.53 |

### B. Contingent liabilities

**Contingent Liabilities not provided for in respect of:**

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Claims against the company not acknowledged as debt | | |
| - Demand by Income Tax Department * | 165.76 | 3.14 |
| - Demand by Excise Authorities ** | 39.35 | 39.35 |
| - Claim filed by a supplier ** | 12.31 | 12.31 |

*The Income Tax Authorities have raised demands on account of various disallowances pertaining to different assessment years. The Company is contesting these demands, which are pending at various appellate levels. Based on the advice from independent tax experts and the development on the appeals, the management is confident that additional tax so demanded with reference to these cases will not be sustained on completion of the appellate proceedings and accordingly, pending the decision by the appellate authorities, no provision has been made in these standalone financial statements.

**On the basis of current status of individual case for respective years, the Company is confident of winning the above cases and is of the view that no provision is required in respect of the above cases.

### C. Guarantees

The Company has given corporate guarantee for loans taken by subsidiary companies, to the extent loan amount outstanding as on balance sheet date. The carrying amounts of the related financial guarantee contracts were INR 5,604.59 Lacs and INR 8,186.95 Lacs at 31 March 2021 and 31 March 2020 respectively.

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**(Amount in INR Lacs)**

## 31 Segment information

On the basis of nature of businesses, the company has two reportable segments, as follows:
- The piping segment which is mainly engaged in manufacturing of pre-fabricated engineering products, pipe fittings, piping systems.
- The power segment, which is engaged in biomass based power generation

No operating segments have been aggregated to form the above reportable operating segments.

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

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

### A. Segment Disclosures

**Year ended 31 March 2021**

| Particulars | Piping division | Power division | Unallocated | Total |
|---|---|---|---|---|
| **Revenue** | | | | |
| External customers | 37,804.18 | 3,340.60 | - | 41,144.78 |
| **Segment Revenue** | **37,804.18** | **3,340.60** | **-** | **41,144.78** |
| **Segment profit** | **6,005.97** | **622.01** | **(376.87)** | **6,251.11** |
| **Other Expenses** | | | | |
| Finance Costs | 1,870.09 | 65.44 | - | 1,935.53 |
| Depreciation and amortization expense | 2,052.94 | 159.61 | - | 2,212.55 |
| **Total** | **3,923.03** | **225.05** | **-** | **4,148.08** |
| **Net Segment profit before tax** | **2,082.94** | **396.97** | **(376.87)** | **2,103.04** |
| **Other Information** | | | | |
| **Segment Assets** | **66,515.24** | **4,552.04** | **5,713.65** | **76,780.93** |
| **Segment Liabilities** | **22,204.55** | **2,957.03** | **2,194.52** | **27,356.08** |
| **Capital Expenditure** | **821.66** | **148.44** | **-** | **970.10** |

**Year ended 31 March 2020**

| Particulars | Piping division | Power division | Unallocated | Total |
|---|---|---|---|---|
| **Revenue** | | | | |
| External | 58,480.49 | 3,488.59 | - | 61,969.09 |
| **Segment Revenue** | **58,480.49** | **3,488.59** | **-** | **61,969.09** |
| **Segment profit** | **8,530.94** | **873.73** | **(357.77)** | **9,046.90** |
| **Expenses** | | | | |
| Finance costs | 2,884.13 | 106.44 | - | 2,990.57 |
| Depreciation and amortization expense | 1,972.95 | 119.16 | - | 2,092.11 |
| **Total** | **4,857.08** | **225.60** | **-** | **5,082.68** |
| **Net Segment profit before tax** | **3,673.86** | **648.13** | **(357.77)** | **3,964.22** |
| **Other information** | | | | |
| **Segment Assets** | **71,506.75** | **4,406.34** | **5,942.41** | **81,855.50** |
| **Segment Liabilities** | **28,274.43** | **3,208.30** | **3,182.40** | **34,665.13** |
| **Capital Expenditure** | **2,139.77** | **11.06** | **-** | **2,150.83** |

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**(Amount in INR Lacs)**

**B. Reconciliations to amounts reflected in the financial statements**

**a. Reconciliation of profit**

| **Particulars** | **For the year ended 31 March 2021** | **For the year ended 31 March 2020** |
|---|---|---|
| **Segment Profit** | **2,479.91** | **4,321.99** |
| Unallocated expenses | (376.86) | (357.77) |
| **Profit before tax** | **2,103.05** | **3,964.22** |

**b. Reconciliation of assets**

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** |
|---|---|---|
| **Segment operating assets** | 71,067.28 | 75,913.09 |
| **Unallocated Assets** | 5,713.66 | 5,942.41 |
| **Total assets** | **76,780.94** | **81,855.50** |

**c. Reconciliation of liabilities**

| **Particulars** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| **Segment operating liabilities** | 25,161.58 | 31,482.73 |
| **Unallocated Liabilities** | 2,194.52 | 3,182.40 |
| **Total liabilities** | **27,356.10** | **34,665.13** |

**Following are the entity-wide disclosures:**

a) Revenue from external customers

| **Particulars** | **For the year ended 31 March 2021** | **For the year ended 31 March 2020** |
|---|---|---|
| India | 19,844.49 | 45,676.51 |
| Outside India | 21,300.29 | 16,292.58 |
| Total revenue as per standalone statement of profit and loss | **41,144.78** | **61,969.09** |

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

b) List of major customer whose revenue more than 10% of total entity revenue

| **Particulars** | **For the year ended 31 March 2021** | **For the year ended 31 March 2020** |
|---|---|---|
| HPCL-MITTAL ENERGY LIMITED | 937.41 | 18,127.68 |
| **% of Revenue** | **2.28%** | **29.25%** |
| GENERAL ELECTRIC | 9,404.24 | 8,898.97 |
| **% of Revenue** | **22.86%** | **14.36%** |
| Mitsubishi Hitachi Power System | 2,207.38 | 5,705.12 |
| **% of Revenue** | **5.36%** | **9.21%** |
| Dangote Oil Refining Company Ltd. | 7,272.42 | 5,450.62 |
| **% of Revenue** | **17.68%** | **8.80%** |

c) **Trade Receivable**

| **Particulars** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| India | 6,372.36 | 8,904.43 |
| Outside India | 11,693.65 | 8,847.90 |
| **Total** | **18,066.01** | **17,752.33** |

**(Amount in INR Lacs)**

## 32 Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

| Particulars | Carrying value As at 31 March 2021 | Carrying value As at 31 March 2020 | Fair value As at 31 March 2021 | Fair value As at 31 March 2020 |
|---|---|---|---|---|
| **(A) Financial assets** | | | | |
| **Non-current** | | | | |
| Security deposits | 74.64 | 77.28 | 74.64 | 77.28 |
| Inter corporate loan to a related party | 6,959.21 | 6,205.30 | 6,959.21 | 6,205.30 |
| Term deposit accounts with maturity beyond 12 months | 392.22 | 518.75 | 392.22 | 518.75 |
| **Current** | | | | |
| Trade receivables* | 18,066.01 | 17,752.33 | 18,066.01 | 17,752.33 |
| Cash and cash equivalents* | 373.12 | 43.32 | 373.12 | 43.32 |
| Security deposits* | 6.80 | - | 6.80 | - |
| Inter corporate loan to a related party* | 240.27 | - | 240.27 | - |
| Deposits with original maturity less than 12 months* | 2,740.90 | 3,156.21 | 2,740.90 | 3,156.21 |
| Interest receivable* | 55.30 | 118.94 | 55.30 | 118.94 |
| Foreign exchange forward contracts* | 104.40 | - | 104.40 | - |
| **Total financial assets** | **29,012.87** | **27,872.13** | **29,012.87** | **27,872.13** |
| **(B) Financial liabilities** | | | | |
| **Non-current** | | | | |
| Long-term borrowings | 809.37 | 784.85 | 809.37 | 784.85 |
| Other financial liabilities | 199.77 | 79.43 | 199.77 | 79.43 |
| **Current** | | | | |
| Short-term borrowings* | 15,002.98 | 19,069.41 | 15,002.98 | 19,069.41 |
| Trade payables* | 6,556.18 | 6,100.14 | 6,556.18 | 6,100.14 |
| Other financial liabilities* | 1,199.36 | 916.56 | 1,199.36 | 916.56 |
| **Total financial liabilities** | **23,767.66** | **26,950.39** | **23,767.66** | **26,950.39** |

**Note:-**
* The management assessed that fair value of trade receivables, cash and cash equivalents, security deposits, inter corporate loan to related party, other short-term financial assets, short-term borrowings, trade payables and other short-term financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

a. Term deposits- The fair value of term deposits is equal to carrying value since they are carrying market interest rates as per the banks.

b. Foreign exchange forward contracts- Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing.

c. Long-term borrowings - The fair value of long-term borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The carrying value and fair value of the borrowings has been considered the same since the existing interest rate approximates its fair value.

d. Others- For other financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

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**(Amount in INR Lacs)**

**33 Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:
(a) recognised and measured at fair value and
(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

**A. Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March 2021:**

| | | Fair value measurement using | | |
|---|---|---|---|---|
| **Particulars** | **Total** | **Quoted prices in active markets (Level 1)** | **Significant observable inputs (Level 2)** | **Significant unobservable inputs (Level 3)** |
| **Financial assets measured at amortised cost** | | | | |
| Security deposits | 74.64 | - | - | 74.64 |
| Inter corporate loan to a related party | 6,959.21 | - | - | 6,959.21 |
| Term deposit accounts with maturity beyond 12 months | 392.22 | - | 392.22 | - |
| **Financial liabilities measured at amortised cost** | | | | |
| Long-term borrowings | 809.37 | - | 809.37 | - |
| Other financial liabilities | 199.77 | - | 199.77 | - |

There have been no transfers between Level 1 and Level 2 during the year.

**B. Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March 2020:**

| | | Fair value measurement using | | |
|---|---|---|---|---|
| **Particulars** | **Total** | **Quoted prices in active markets (Level 1)** | **Significant observable inputs (Level 2)** | **Significant unobservable inputs (Level 3)** |
| **Financial assets measured at fair value** | | | | |
| Foreign exchange forward contracts | - | - | - | - |
| **Financial assets measured at amortised cost** | | | | |
| Security deposits | 77.28 | - | - | 77.28 |
| Inter corporate loan to a related party | 6,205.30 | - | - | 6,205.30 |
| Term deposit accounts with maturity beyond 12 months | 518.75 | - | 518.75 | - |
| **Financial liabilities measured at amortised cost** | | | | |
| Long-term borrowings | 784.85 | - | 784.85 | - |
| Other financial liabilities | 79.43 | | - | 79.43 |

There have been no transfers between Level 1 and Level 2 during the year.

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**(Amount in INR Lacs)**

## 34 Financial risk management objectives and policies

The Company's principal financial liabilities comprise 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 security deposits given, loan to related party, employee advances, trade and other receivables, cash and cash equivalents and other assets.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and currency risk. Financial instruments affected by market risk include borrowings and foreign exchange forward contracts.
The sensitivity analysis in the following sections relate to the position as at 31 March 2021 and 31 March 2020.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of floating to fixed interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant in place at 31 March 2021.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analysis:
The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2021 and 31 March 2020.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company is exposed to interest rate risk because Company borrows funds at floating interest rates. These exposures are reviewed by appropriate levels of management. The Company regularly monitors the market rate of interest to mitigate the risk exposure. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

| Particulars | Increase/ (decrease ) in interest rate(%) | Effect on profit before tax |
|---|---|---|
| **31-Mar-21** | | |
| INR loans | +0.50% | (85.20) |
| | -0.50% | 85.20 |
| **31-Mar-20** | | |
| INR loans | +0.50% | (92.39) |
| | -0.50% | 92.39 |

The assumed movement in interest rates for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

**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's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company manages its foreign currency risk by purchasing foreign currency forward contracts for purchase transactions that are expected to occur within a maximum 12-month forecasted period. The following tables demonstrate the unhedged foreign currency exposure and sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities are as follows:

| Particulars | Currency | 31 March 2021 | | Impact on profit before tax | |
|---|---|---|---|---|---|
| | | Foreign Currency | Indian Rupees | 5% Increase | 5% Decrease |
| Trade payables | USD | 2.30 | 168.97 | (8.45) | 8.45 |
| | EURO | 0.42 | 36.34 | (1.82) | 1.82 |
| | EGP | 0.72 | 3.38 | (0.17) | 0.17 |
| Loan to Subsidiary | USD | 78.86 | 5,796.25 | (289.81) | 289.81 |
| Buyers Credit from banks | EURO | 5.13 | 376.87 | (18.84) | 18.84 |
| | USD | 4.16 | 357.85 | (17.89) | 17.89 |
| Trade receivables | USD | 43.05 | 3,164.56 | 158.23 | (158.23) |
| | EURO | 0.10 | 8.63 | 0.43 | (0.43) |
| Interest Receivable | USD | 6.23 | 457.64 | 22.88 | (22.88) |
| Balance with Banks | EGP | 0.41 | 1.94 | 0.10 | (0.10) |
| Cash on hand | USD | 0.004 | 0.41 | 0.02 | (0.02) |

**(Amount in INR Lacs)**

| Particulars | Currency | 31 March 2020 Foreign Currency | 31 March 2020 Indian Rupees | Impact on profit before tax 5% Increase | Impact on profit before tax 5% Decrease |
|---|---|---|---|---|---|
| External Commercial Borrowings from foreign banks | USD | | | | |
| Trade payables | USD | 11.89 | 896.16 | (44.81) | 44.81 |
| | EURO | 0.21 | 17.48 | (0.87) | 0.87 |
| Loan to Subsidiary | USD | 63.86 | 4,813.80 | (240.69) | 240.69 |
| Buyers Credit from banks | EURO | 8.84 | 734.50 | (36.72) | 36.72 |
| | USD | 4.47 | 337.13 | (16.86) | 16.86 |
| Trade receivables | USD | 28.88 | 2,176.84 | 108.84 | (108.84) |
| Interest Receivable | USD | 1.45 | 109.51 | 5.48 | (5.48) |
| Balance with banks | USD | 0.002 | 0.14 | 0.01 | (0.01) |
| | EGP | 1.89 | 8.96 | 0.45 | (0.45) |
| Cash on hand | USD | 0.005 | 0.41 | 0.020 | (0.020) |

**Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities including trade receivables, deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

**Trade receivables**

Trade receivables do not have any significant potential credit risk for the Company as the business of the Company is majorly cash based. An impairment analysis is performed by the management at each reporting date on an individual basis for major clients.

**Financial instruments and cash deposits**

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the key management personnel on an annual basis and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2021 and 31 March 2020 is the carrying amounts as illustrated in Note 5.

**Liquidity risk**

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credits and bank loans. Approximately 56% of the Company's long-term borrowings will mature in less than one year at 31 March 2021 (31 March 2020: 42%) based on the carrying value of borrowings reflected in the financial statements. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

| | <12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|
| | INR lacs | INR lacs | INR lacs | INR lacs |
| **As at 31 March 2021** | | | | |
| Long-term borrowings | - | 809.37 | - | 809.37 |
| Short-term borrowings | 15,002.98 | - | | 15,002.98 |
| Trade payables | 6,556.18 | - | - | 6,556.18 |
| Other financial liabilities(includes lease liability and current maturity of long term borrowings) | 1,199.36 | 199.77 | - | 1,399.13 |
| | **22,758.52** | **1,009.14** | **-** | **23,767.66** |
| **As at 31 March 2020** | | | | |
| Long-term borrowings | - | 784.85 | - | 784.85 |
| Short-term borrowings | 19,069.41 | - | - | 19,069.41 |
| Trade payables | 6,100.14 | - | - | 6,100.14 |
| Other financial liabilities(includes lease liability and current maturity of long term borrowings) | 916.56 | 79.43 | - | 995.99 |
| | **26,086.11** | **864.28** | **-** | **26,950.39** |

**(Amount in INR Lacs)**

**35 Capital management**

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the shareholders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents.

The Company's gearing ratio is as follows:

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** |
|---|---|---|
| Borrowings including current maturities (refer note 10 and 11) | 16,874.05 | 20,440.29 |
| Less: cash and cash equivalents (refer note 5(C)) | (373.12) | (43.32) |
| **Net debt (A)** | **16,500.93** | **20,396.97** |
| Equity (refer note 8 and 9) | 49,424.85 | 47,190.37 |
| **Total capital (B)** | **49,424.85** | **47,190.37** |
| **Total capital and net debt (C) = (A) + (B)** | **65,925.78** | **67,587.34** |
| **Gearing ratio (A)/(C) (%)** | **25.03%** | **30.18%** |

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

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**(Amount in INR Lacs)**

**36 Company as a lessee**

**i)** The Company’s leased assets primarily consists of lease for factory lands, computers and data processing equipment having lease term of 5-10 years.

In previous year the Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Consequently, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and has measured right of use asset at an amount equal to lease liability adjusted for previously recognised prepaid or accrued lease payments. Further, lease arrangements where the Company is lessor, lease rentals are recognized on straight line basis over the non-cancellable period.

The Company’s obligations under its leases are secured by the lessor’s title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets .

The Company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the ‘short-term lease’ and ‘lease of low-value assets’ recognition exemptions for these leases.

**ii)** Set-out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

| | Factory Land | Computer and data processing equipment | Total |
|---|---|---|---|
| **Right-of-use assets recorded on adoption of Ind AS 116 as at 1 April 2019** | 110.45 | - | 110.45 |
| Additions | 9.25 | - | 9.25 |
| Depreciation expense (refer note 22) | 23.95 | - | 23.95 |
| **As at 31 March 2020** | **95.75** | **-** | **95.75** |
| Additions | 129.92 | 79.04 | 208.96 |
| Deletion | 25.11 | - | 25.11 |
| Depreciation expense (refer note 22) | 35.06 | 14.82 | 49.88 |
| **As at 31 March 2021** | **165.50** | **64.22** | **229.72** |

**iii)** Set-out below are the carrying amounts of lease liabilities (included under other financial liabilities) and the movements during the period:

| | Factory Land | Computer and data processing equipment | Total |
|---|---|---|---|
| **Right-of-use assets recorded on adoption of Ind AS 116 as at 1 April 2019** | 119.69 | - | 119.69 |
| Additions | - | - | - |
| Accretion of interest (refer note 24) | 10.99 | - | 10.99 |
| Payments | 26.50 | - | 26.50 |
| Disposal | - | - | - |
| **As at March 31, 2020** | **104.18** | **-** | **104.18** |
| Current | 24.74 | - | 24.74 |
| **Non- current** | **79.44** | **-** | **79.44** |
| Additions | 129.92 | 79.05 | 208.97 |
| Accretion of interest (refer note 24) | 13.64 | 5.47 | 19.11 |
| Payments | 32.47 | 17.89 | 50.36 |
| Disposal | 28.42 | - | 28.42 |
| **As at March 31, 2021** | **186.85** | **66.63** | **253.48** |
| **Current** | 32.48 | 21.23 | 53.71 |
| **Non- current** | 154.37 | 45.40 | 199.77 |

**iv) The maturity analysis of contractual undiscounted cash flow-: -**

**As at March 31, 2021**

| | Less than 1 year | 1 to 5 years | More than 5 year |
|---|---|---|---|
| Factory Land | 38.86 | 140.83 | 104.00 |
| Computer and data processing equipment | 23.86 | 53.68 | - |
| | **62.72** | **194.51** | **104.00** |

**As at March 31, 2020**

| | Less than 1 year | 1 to 5 years | More than 5 year |
|---|---|---|---|
| Factory Land | 28.60 | 97.86 | 6.51 |
| | **28.60** | **97.86** | **6.51** |

**v) The following are the amounts recognised in the Statement of Profit and Loss:**

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Depreciation expense of right-of-use assets | 49.88 | 23.95 |
| Interest expense on lease liabilities | 19.11 | 10.99 |
| Expense relating to short-term leases (included in other expenses) | 42.11 | 23.81 |
| **Total amount recognised in Statement of Profit and Loss** | **111.10** | **58.75** |

**vi) Impact on statement of cash flows (increase/(decrease)):**

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Operating lease payments* | 50.36 | 26.50 |
| Net cash flows used in operating activities | **50.36** | **26.50** |
| Payment of principal portion of lease liabilities | 31.25 | 15.51 |
| Payment of interest portion of lease liabilities | 19.11 | 10.99 |
| Net cash flows used in financing activities | **50.36** | **26.50** |

* Composed of different line items in the indirect reconciliation of operating cash flows.

The Company had total cash outflows for leases of Rs. 31.25 Lacs for the year ended March 31, 2021 (Rs. 15.51 Lacs for March 31, 2020).

**37** The outbreak of Coronavirus (COVID -19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. Consequent to these uncertainties/ disruptions caused due to continuation of pandemic, the Company has made assessment of impact of this pandemic on its business operations and has made assessment of its liquidity position for the next one year. The Company has assessed carrying value and the recoverability of its assets comprising property, plant and equipment, intangible assets, right of use assets, inventory, advances, trade receivables, other financial and non financial assets etc. and based on current Indicators of future economic conditions, the Company expects to recover the carrying amount of these assets on financial statement. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 which may be different from that estimated as at the date of approval of these standalone financial statements. The Company will continue to closely monitor any material changes to future economic conditions.

**38 Change in shareholding pattern**

Subsequent to year ended March 31, 2021, Pursuant to the approval of the Board on May 07, 2021 and approval of shareholders through special resolution passed in extra ordinary general Meeting dated May 08, 2021. The buyback offer of 51,00,000 equity shares was made to all existing shareholders of the Company as on May 08, 2021, being the record date for the purpose in accordance with the Articles 15 of the Articles of Association of the Company, Section 68, 69 and 70 of the Companies Act 2013. Company concluded buyback of 50,84,891 tendered equity shares of face value of Rs 10/- each at a price of Rs 99/- per equity share, for an aggregate amount of Rs 5,034.04 lacs on May 17,2021.

**39** The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/ interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

**40 Tax rate change**

Pursuant to introduction of new tax regime as introduced by the Taxation Laws (Amendment) Act, 2019 which provided an option to the Company for paying Income Tax at reduced rates as per the provisions/ conditions defined in the newly inserted Section 115BAA in the Income-tax Act, 1961.

The Company has exercised the option to adopt lower tax rate, consequently the Company had applied the lower income tax rates on the deferred tax assets/ liabilities to the extent these are expected to be realized or settled in the future period when the Company may be subjected to lower tax rate. This has resulted in reversal of net deferred tax liabilities amounting to INR 758.47 lacs in current year.

**(Amt in INR Lacs)**

**41. Dividend Distribution made and proposed**

| **Particulars** | **As at 31 March 2021** | **As at 31 March 2020** |
|---|---|---|
| **Paid Dividend on Equity Shares** | | |
| Final dividend for the year ended March 31,2020: Nil Per Share (March 31, 2019 : Rs 0.50 Per Share) | - | 78.46 |
| Dividend Distribution tax on dividend | - | 16.13 |
| | **-** | **94.59** |

**42.** The figures for the corresponding previous year have been regrouped/ reclassified wherever considered necessary, to make them comparable with current year classification.

As per our report of even date

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

**per Amit Yadav**
Partner
Membership No: 501753

Place : Faridabad
Date : September 20, 2021

For and on behalf of the Board of Directors of
**DEE Development Engineers Limited**

**K.L. Bansal**
Chairman & Managing Director
DIN No. 01125121

**Ashima Bansal**
Director
DIN No. 01928449

**Ranjan Sarangi**
Company Secretary
FCS-8604

**Gaurav Narang**
Chief Financial Officer

Place : Faridabad
Date : September 20, 2021