

Powering a Sustainable Future



MTAR Technologies Limited

Annual Report FY 2022 - 23

Forward-looking statement

In this annual report we are presenting some forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements- written and oral- that we periodically make contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. Wherever possible, we have tried to identify such statements by using words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’, and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although

we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions.

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

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

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Financial Section

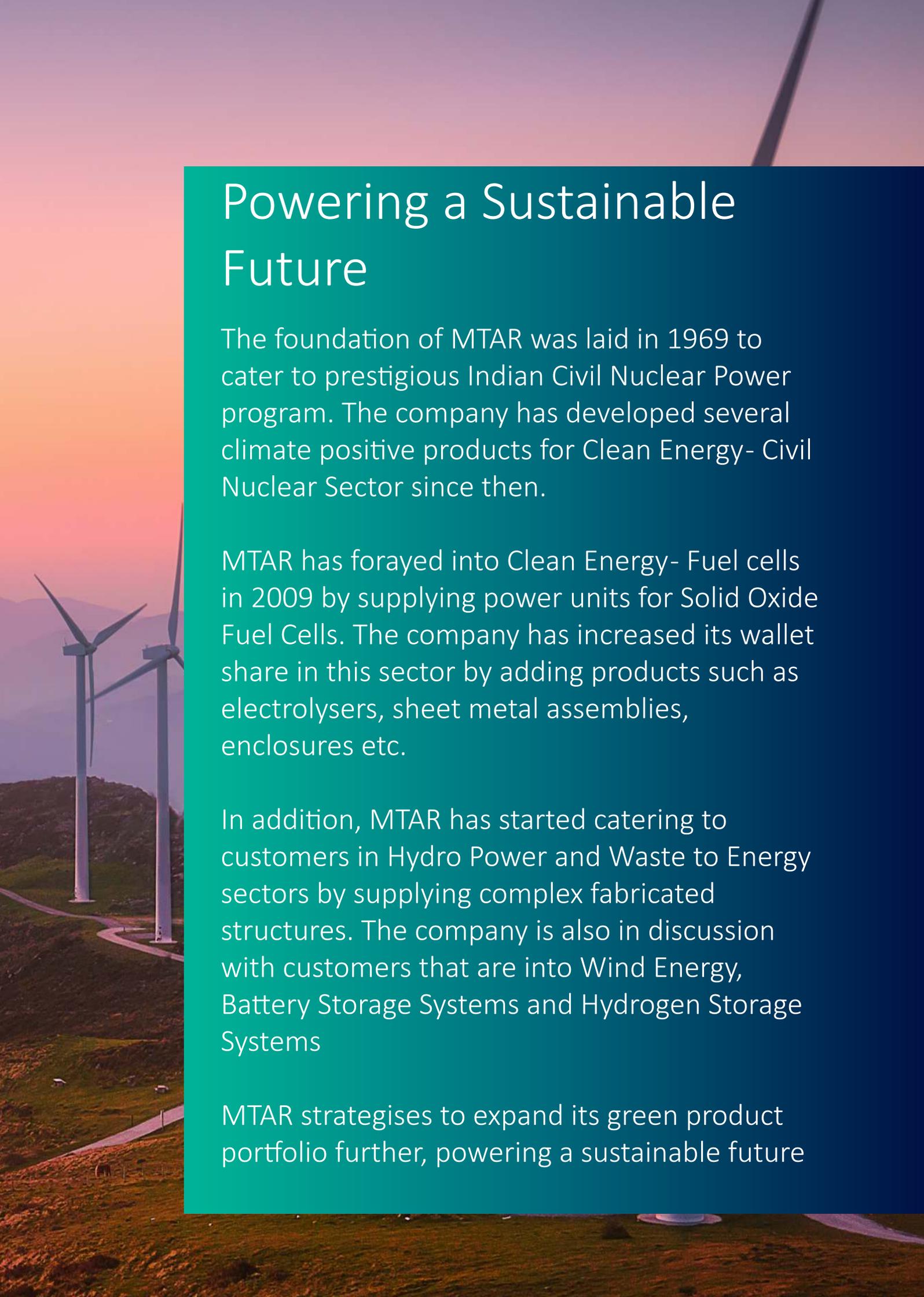
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Online Annual Report

www.mtar.in



A photograph of several wind turbines on a grassy hillside during sunset. The sky is a mix of orange, pink, and purple. The turbines are white and stand tall against the colorful background. The foreground shows a dirt path and some greenery.

Powering a Sustainable Future

The foundation of MTAR was laid in 1969 to cater to prestigious Indian Civil Nuclear Power program. The company has developed several climate positive products for Clean Energy- Civil Nuclear Sector since then.

MTAR has forayed into Clean Energy- Fuel cells in 2009 by supplying power units for Solid Oxide Fuel Cells. The company has increased its wallet share in this sector by adding products such as electrolysers, sheet metal assemblies, enclosures etc.

In addition, MTAR has started catering to customers in Hydro Power and Waste to Energy sectors by supplying complex fabricated structures. The company is also in discussion with customers that are into Wind Energy, Battery Storage Systems and Hydrogen Storage Systems

MTAR strategises to expand its green product portfolio further, powering a sustainable future

Managing Director's Overview

MTAR is poised to witness an accelerated growth with healthy margins over the coming years. Positive industry growth in the sectors of our presence is expected to fuel our growth further.



Dear Stakeholders,

I am glad to inform you that FY 2022-23 proved to be another eventful year in the growth story of MTAR.

The company has clocked highest ever revenues of Rs 5,733.47 Mn FY 2022-23, maintaining the accelerated growth momentum with 78% YoY increase. We have registered a EBITDA of Rs. 1,539.62 Cr with a margin of 26.85%, Net Profit of Rs. 1,040.75 Mn with a margin of 18.20%. Our closing order book as 31 March 2023 is at Rs. 11,729.46 Mn in line with our guidance. There was a dip in EBITDA margins compared to the given guidance due to salary corrections taken up in Q4, which is a one-of-a kind of scenario.

Operational Overview

MTAR has always embraced innovation that fostered the development of new products and technologies. Continuing the legacy of innovation, we have developed ASP assemblies, a specialised product and dispatched around Rs. 75 Mn of orders in the year under review.

The company has entered into an MOU framework with ISRO for the development of Small Satellite Launch Vehicle project powered by Semi Cryogenic Technology with 100-ton engine in the first stage and 10-ton engine in the second stage. We shall be developing the engine systems and inter-stage structures in-house whereas the company has sought the support of ISRO through IN-SPACe for Avionics. MTAR has roped in some of the eminent scientists to work on this project. The developmental activity shall take 4-5 years, the company shall be taking up three developmental flights before a commercial launch

The best part is that we have added new customers such as GE Power, Thales, Collins Aerospace, GKN Aerospace etc and the company is in discussion with several customers. Historically, MTAR is known for maintaining long standing relationships with its customers and the company intends to turn each of the new customer account into key strategic account going forward that could boost up our revenues significantly.

In Clean Energy – Fuel Cells division, delivered 4545 Yuma units and 138 units of Electrolyzers in FY 2022-23. We have commenced sheet metal operations this fiscal year and dispatched around Rs. 311.30 Mn of sheet metal assemblies for Solid Oxide Fuel Cells. Overall, the company has registered a revenue of Rs. 4,245.60 Mn in Clean Energy- Fuel Cells including the revenues from sheet metal. The company We have executed Rs. 171.60 Mn of orders in Hydrel sector through our new specialised fabrication facility that shall be operational in a full-fledged way from FY 2023-24.

While Clean Energy- Civil Nuclear Power accounted for Rs.438.01 Mn of revenues the company has delivered Rs. 494.05 Mn revenue in Space and MNC Aerospace segment. Our revenues from Defence stand at Rs. 151.13 Mn and revenues from products & others are pegged at Rs. 233.08 Mn.

In addition, the company has initiated the qualification process for cable harnessing assemblies by commissioning our new electronics lab.

We have reduced our NWC to 230 days for the year under review as against 275

days in FY 2021-22. As the global supply chains have streamlined, there was a reduction in our receivable days due to shorter shipping times. However, there is an increase in our inventory days as we have procured inventories ahead of time for the development of new products to ensure a smooth qualification process; we are working on reducing our inventory days over the coming quarters

The company has on boarded a new COO with immense experience in Clean Energy – Fuel Cells & Automotive sectors and MTAR is expected to reach new heights under his leadership.

At MTAR, we strongly believe that effective systems and processes play a vital role in business decision making and the company has worked on strengthening our systems and processes further to cater to the significant growth the company is set to witness.

Industry Analysis

Clean Energy – Fuel Cells vertical is expected to grow at a CAGR of 30%- 35% over the next decade. In the recent past, our customer Bloom Energy has built, installed and operationalized a 4-megawatt Bloom electrolyzer span of two months is delivering the equivalent of over 2.4 metric tons per day of hydrogen output, which is a great stride in the production of green hydrogen. Electrolyser production is expected to be ramped up over the next couple of years.

We are in discussion with other customers in Fuel Cells, however, their volumes have not been ramped up yet for a company like MTAR to come into play. As

the pace for decarbonisation picks up, there is an immense potential available for the solutions in storage systems. MTAR is currently in advanced stages of discussions with Fluence Energy that is into battery storage systems. Furthermore, the company has also initiated discussions with customers that are into Hydrogen Storage Systems. Even revenues from Hydel sector are projected to be ramped up once our fabrication facility is completely operational.

Clean Energy - Civil Nuclear Power -

There shall be a significant growth in this vertical due to the construction of civil nuclear reactors on fleet mode. MTAR is anticipating Rs. 5,000 Mn tenders from Kaiga 5 & 6 reactors that shall be outsourced to a private player

Space: We are in the very exciting phase of Indian Space Industry and ISRO holds an exceptional success rate. ISRO has successfully completed two missions for One-Web by launching a constellation of 36 satellites in each mission. Indian Space sector that currently contributes to 2%-3% of the global space industry is estimated to capture 10% of the market share of global space economy by 2030, which entails a CAGR of at least 15%-20% over the coming years on a conservative basis. In addition, the company has added a lot of customers in Aerospace division and is in discussion with several MNC customers that entails a 45%- 50% YoY growth in revenues from Aerospace vertical.

Defence: The Government of India opened the defence industry for private sector participation to provide impetus to indigenous manufacturing and this emphasis on the Make in India is set to generate immense opportunities in Defence. MTAR is in final stages of getting Defence license; once we obtain the license it enables the company to be a preferred manufacturing partner for global MNCs that are looking to capture the opportunity in Defence in India.

Products: Our products basket comprising specialised products such as ball screws, roller screws, water lubricated bearings, ASP assemblies etc. is set to witness an exponential growth due to addition of new products consistently. The company targets to execute around Rs. 1200 Mn – Rs. 1300 Mn orders in products category in FY 2023-24.

FY 2023-24 Outlook

As informed to our shareholders in the past earnings call, we are targeting a revenue growth of 45% to 50% in FY 2023-24 backed by robust order book with an EBITDA of 28% +/- 100 bps. Based on the visibility on various orders across different sectors, we look forward to a closing order book of at least Rs. 15,000 Mn by end FY 2023-24. Operating leverage has enabled to improve our returns; In FY 2022-23, our ROCE stands at 20% as against 14% in FY 2021-22. Ramping up the sheet metal and specialized fabrication production is expected to yield better return ratios by end of FY 2023-24.

Strategic Roadmap

At MTAR, we strongly believe that revenue is outcome of the technological developments we undertake and the products we develop. The company has a clear roadmap to expand its customer base and enhance the product portfolio that could translate into potential top line of Rs. 30,000 Mn with healthy margins over the next 5 years. To realise such a growth, the company shall be undertaking the following initiatives

Development of new products: The company is focusing on expanding its product base by adding new customers and enhancing its wallet share with the existing customers that is expected to give us significant growth in revenues over the coming years.

Diversification of Customer Base: MTAR intends to diversify its customer base further across geographies and sectors. In FY 2022-23 the company has added customers including GE Power, Collins Aerospace, Thales etc. We have long-standing relationships with all our customers and we are a preferred manufacturing partner for their requirements. Our new customers are expected to turn into key strategic accounts and generate recurring revenues 2-3 years down the line.

Reduction of NWC days: The company has worked on reduction of the net working capital days from 275 at the end of FY 2021-22 to 230 days at the end of FY 2022-23. We are working on reducing our NWC days to less than 200 days

by end of FY 2023-24 to increase operational efficiencies. The company aims to gradually reduce the NWC to 170 days over the next couple of years

Augmentation of Capacities The company has established capacities ahead of time to cater to the current growth. However, the capacities have to be augmented in bottle neck areas to address the ramped up volumes. In addition, there could be project specific investments as and when we foray into new verticals like battery storage systems, energy storage systems etc. We look forward to grow organically over the next 5 years and the company intends to maintain healthy debt to equity ratio while funding its growth through internal accruals and debt.

Talent Management

We believe that our Employees are the backbone of our growth; the company grooms the manpower in the organisation by training them in cross-functional areas and assigning challenging projects. We have taken up salary correction in Q4 FY 2022-23 to ensure our employees are compensated on par with the industry

Sustainability

Even as we chart out our growth strategy, we realise that embracing sustainability is key to a healthy future for all our stakeholders. ESG has been integral part of our business decision making since our inception. We have a robust corporate governance framework where our strategic direction is being driven by an independent director majority board. We look forward to increase our green product portfolio further by expanding our presence in Clean Energy sector across geographies

Acknowledgements

Finally, I would like to thank all our stakeholders including our Board of Directors, employees, customers, suppliers, and investors who extended their immense support to MTAR and inspired us to strive for greater heights. As informed to our shareholders over the last couple of years, the company is working towards building a world class institution with a sustainable growth and health margins over the next 15-20 years

Srinivas Reddy
Managing Director

Corporate Snapshot



The company is engaged in the manufacturing of precision engineered systems for customers in Clean Energy- Civil Nuclear Power, Fuel Cells, Hydel & others, Space & Defence sectors

In addition, the company also supplies specialised products such as Ball Screws, Water Lubricated Bearings, Roller Screws, Electro-Mechanical Actuation Systems, ASP assemblies etc. that find applications across diverse sectors

MTAR has invested in cutting edge and futuristic manufacturing technologies to develop reliable and world class precision engineered products

Vision

Graduate from precision Engineering towards system integration

Be a reliable manufacturer and offer innovative manufacturing solutions to manufacture differentiated engineering products to clients across diversified segments and geographies

Enhance our current capabilities to manufacture world class products to cater to domestic and global engineering needs

Be an ESG compliant firm and generate margins through sustainable business practices, thereby creating value to all the stakeholders in the process

Management

The company is managed by Parvat Srinivas Reddy and a team of experienced technical and management professionals. MTAR comprises 2565 employees as on March 31, 2023.

Customers

The Company addresses the growing needs of marquee global MNCs such as Bloom Energy, Andritz Hydro, Voith, Hitachi Zosen, Rafael Advanced Defense Systems Ltd, Elbit Systems, Worldwide Oil Machine etc; it caters to reputed Indian customers like Nuclear Power Corporation of India Limited, Indian Space Research Organisation, Defence Research & Development Organisation and Hindustan Aeronautics Limited.

In FY 2022-23, the company has added customers such as GE power, Collins Aerospace, Thales, GKN Aerospace, among others

Extensive Experience

MTAR Technologies Limited was established in 1969 by three founders (P. Ravinder Reddy, K. Satyanarayana Reddy and P. Jayaprakash Reddy) with the objective to address the growing post-embargo engineering requirements of India. The Company now enjoys more than five decades of rich experience and a prominent position in India's Clean Energy - Civil Nuclear Power, Space & Defence and Clean Energy - Fuel Cells & Others sectors.

The Company is led by Parvat Srinivas Reddy who possesses more than three decades of vast experience in engineering and construction sectors. Under his leadership the company has been witnessing accelerated growth. He was instrumental in establishing the Clean Energy - Fuel Cells and Export Aerospace verticals at MTAR.

Knowledge Capital

The Company is respected for its technical know-how gained over the past five decades. This has been derived from a foundation of around 2565 employees including contract employees; 50 were employed in the R&D department in FY 2022-23. The Company comprises a healthy mix of seasoned industry veterans and dynamic young professionals; average employee age stood at 37 years as on March 31, 2023.

Certifications

All our revenue generating units have been accredited with ISO 9001:2015 and AS9100D (technically equivalent to EN 9100:2018 and JISQ 9100:2016) certifications

Our facilities at Adibatla, Unit 2, and EOU have been certified for ISO 14001:2015 Environmental Management System, ISO 45001:2018 Occupational Health & Safety and ISO 27001:2013 Information Security Management System.

We have received the NADCAP certification for our facilities at Unit 2 and Unit 5.

Diverse Products

MTAR specialises in the design and fabrication of complex precision engineered systems such as

1. Fuelling Machine Head, Bridge & Column, Fuel Transfer System, Coolant Channel assemblies, Drive Mechanisms, Fuel Locator Assembly, Sealing & Shielding doors etc. for the core of nuclear reactors.

2. Liquid Propulsion Engines- Vikas Engines, Cryogenic Engine Sub Systems, Electro-Pneumatic Modules, Satellite Valves, Grid Fin Structures etc. for Space Launch Vehicles.

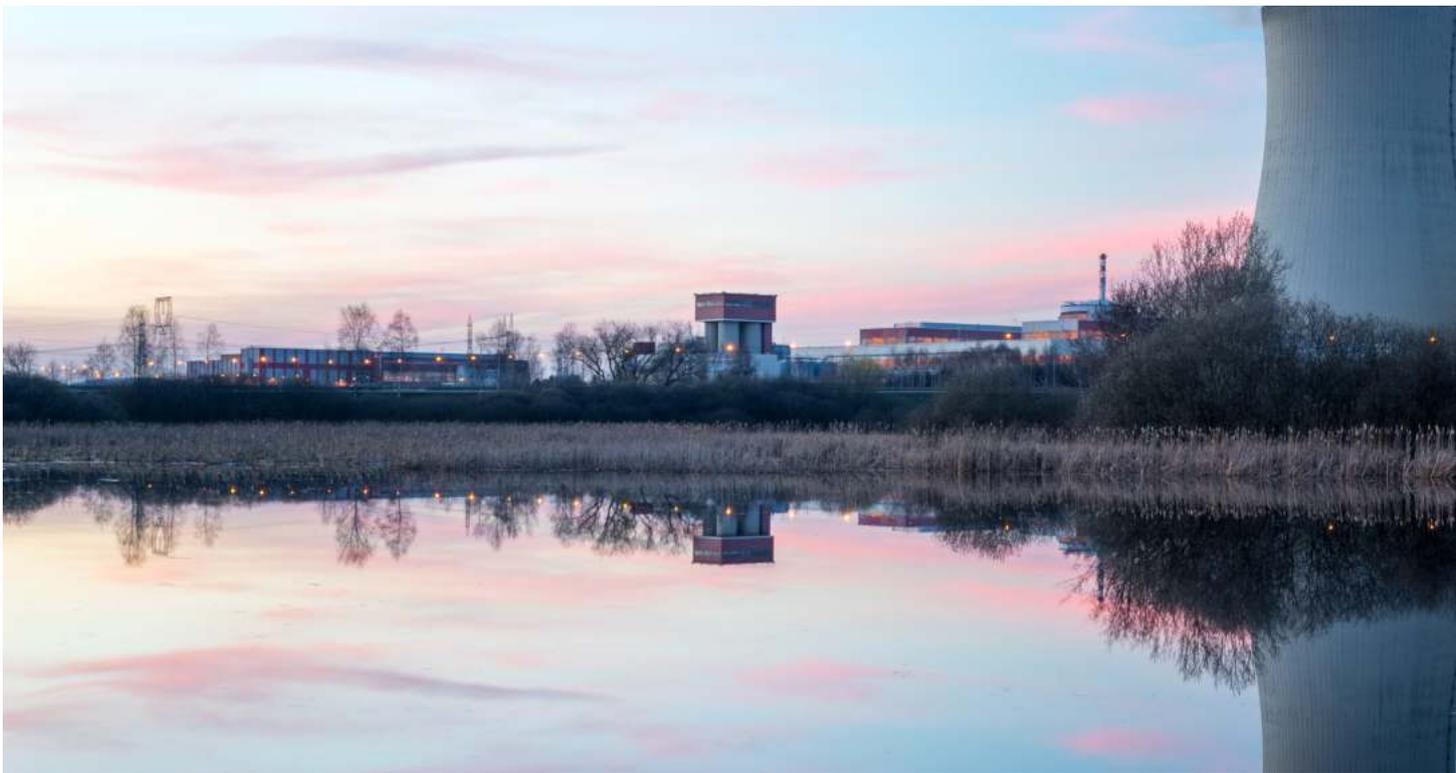
3. Gear boxes, Aerostructures, Actuation Systems, Ball Screws etc. for various applications in Defence.

4. SOFC & Hydrogen units for Fuel cells, Sheet Metal assemblies, Enclosures, and Electrolysers in the Clean Energy sector.

5. Import substitutes such as Ball Screws, Water Lubricated Bearings, Roller Screws that find various applications in Clean Energy- Civil Nuclear Power, Space & Defence sectors.

Credit Rating

ICRA has reaffirmed A Stable for Long-term fund-based/ CC, Long-term fund-based TL/ Long-term-Non-fund based, Long-term unallocated and A1 for short-term- Non-fund based



Milestones

1969

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

1989

Rolled out first Vikas Engine for Space Launch Vehicle

Inception of MTAR to supply coolant channel assemblies to the Department of Atomic Energy

1983

Awards

2021

Received National Level Champion Award from Society of Indian Defence Manufacturers (SIDM) under Import substitution for Mission Critical Parts/Systems/ Sub-systems medium category for Ball Screws.

2020

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

2018

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



Forayed into Clean Energy-Fuel sector by supplying SOFC units for fuel cells

2020

Development of proto units of Roller Screws

2023

2009

Development of Electro-pneumatic modules for Space Launch Vehicles

2022

Entered into MOU framework with IN-SPACE for the development of Small Satellite Launch Vehicle

2005

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

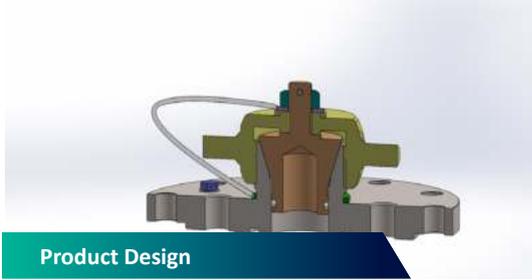
2004

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

2002

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

End to End Manufacturing Capabilities- Concept Design & Development to System Integration



Product Design



Advanced Machining



Specialised Fabrication



Assembly & Testing



Heat Treatment



Surface Treatment - Painting



Electronics Manufacturing Systems -
Cable Harnessing Assemblies



Quality Control

Commencement of Operations at Specialised Fabrication Vertical



Specialised fabrication vertical shall be operational in a full fledged way from Q2 FY 2023-24

We have started catering to GE Power in Hydel sector and the company is in discussions with various other customers

Significant ramp up in revenues is expected once the facility is fully operational

Commencement of Sheet Metal Operations



Delivered Rs. 311 Mn worth of Sheet metal assemblies & enclosure orders to Bloom Energy. We have a closing order book of Rs. 1100 Mn for sheet metal in Clean Energy by end FY 2022-23

The company aims to cater to Clean Energy & Aerospace requirements through its sheet metal facility

Electronics Manufacturing Systems - Commenced Qualification of Cable Harnessing Assemblies



Qualification of cable harnessing assemblies is under process

Batch Production expected to commence from H2 FY 2023-24



Integrated Systems



Specialised Fabricated Structures



Developmental Orders

CATERING TO DIVERSE SECTORS WITH WIDE PRODUCT PORTFOLIO



Mass Production



Batch Production



Import Substitutes

MTAR addresses diverse products ranging from highly complex integrated systems to precision structures with close tolerances weighing from few gms to hundreds of tonnes

Product Portfolio - Civil Nuclear Power



Fuelling Machine Head



Grid Plate



FM Bridge & Column



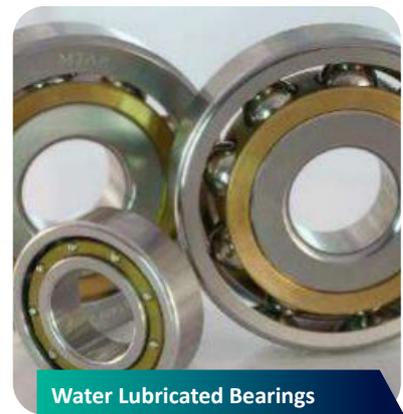
Coolant Channel Assemblies



Calandria Vault Top Hatch Cover Beam



Control Plug

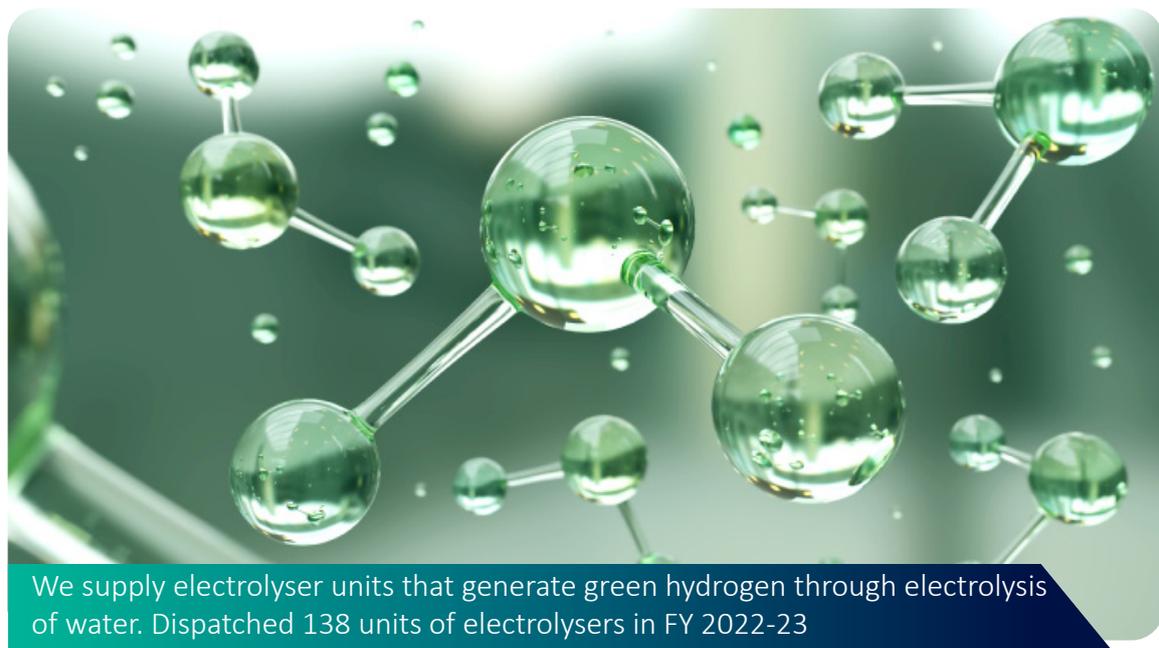


Water Lubricated Bearings

Clean Energy- Fuel Cells & Other Sectors



Contribution towards the production of Green Hydrogen for decarbonisation



Clean Energy- Hydel, Waste to Energy, and others



Structures - Waste to Energy Sector



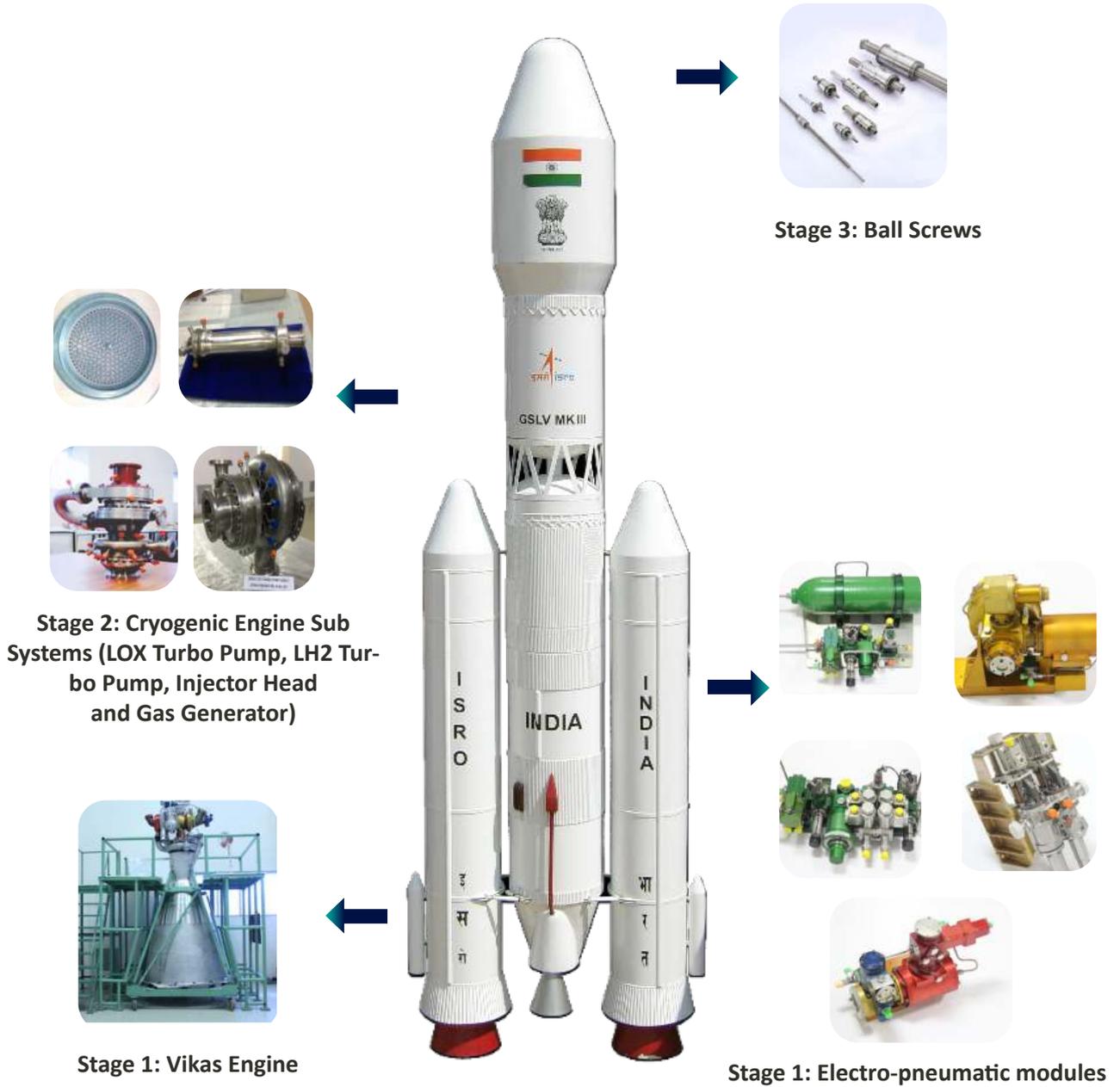
Spiral Casing- Hydel Sector



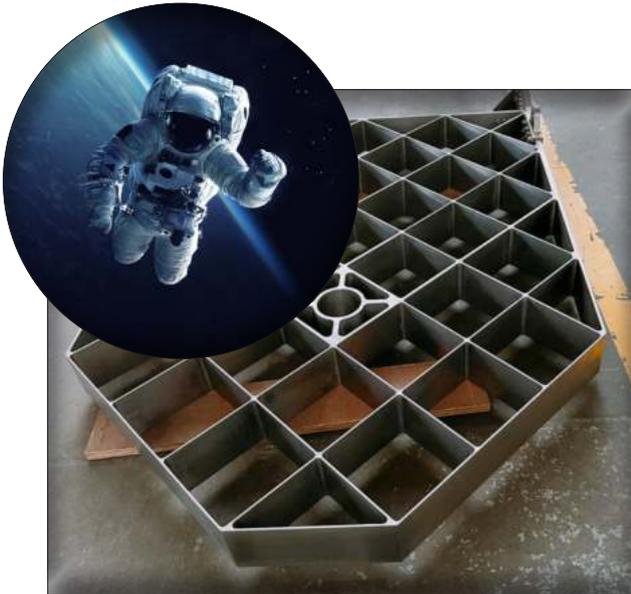
Structures - Hydel Sector

Dispatched around Rs. 171.60 Crs of orders for Clean Energy- Hydel, Waste to Energy and other sectors in FY 2022-23

Our Product portfolio in Space



Products Under Development - Space



Grid Fin Structures for Gaganyaan, India's first Human flight mission



Semi Cryo Engine - Enhances payload capacity of GSLV from 4 tones to 6 tones



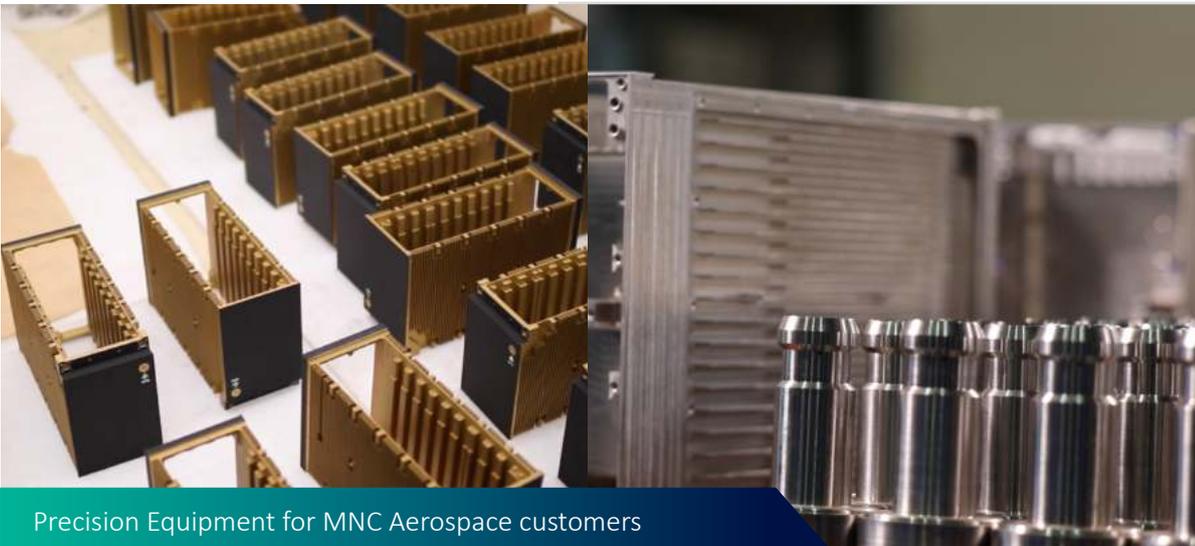
Two Stage to Low Earth Orbit Small Satellite Launch Vehicle

- MTAR has entered into MoU (memorandum of understanding) framework with Indian National Space Promotion and Authorization Centre (IN-SPACe) that shall remain in force for 3 years for design and development of a two-stage to low-earth orbit all-liquid small satellite launch vehicle powered by semi cryogenic technology with a payload capacity of 500 kilogram
- As per the MOU framework the company has sought support from ISRO for various requirements including avionics, sub systems testing, facilitation of launch etc. and any other requirements that might emerge during the course of design, development and launch phase.
- Inducted 10 renowned Scientists who have started working on various sub systems of the Launch Vehicles. MTAR targets to conduct the first sub system level tests of engine by end FY 2023-24

Products in Space - MNC Aerospace Vertical



Structures for MNC Aerospace customers



Precision Equipment for MNC Aerospace customers

MTAR supplies critical structures and precision equipment to MNC Aerospace firms. In FY 2022-23, the company has added prestigious Aerospace customers like Collins Aerospace, Thales, GKN /Aerospace, among others

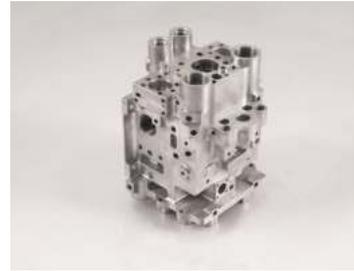
Product Portfolio in Defence



Helicopter Housing



Magnesium Gear Box



Dalia Actuators- LCA Tejas



Aerostructures- Wing Kit Assemblies

Specialised Products & Import Substitutes

Electro-Mechanical Actuators

The Company is working on the development of Electro-mechanical actuators that find application in Space and Defense sectors.

Actuators orders worth Rs. 80 Mn shall be executed in FY 2023-24

Roller Screws

The company has executed First Article Orders of Roller Screws

Awaiting approval from the customer to take up volume orders

Valves

MTAR is working on the development of valves that have lucrative potential in Space & Defence sectors

Received orders from Navy for FAIs

ASP Assemblies

MTAR has developed ASP assemblies, specialised product for Clean Energy- Fuel Cells sector

Delivered Rs. 75 Mn of orders in Q4 FY 2022-23

Cable Harnessing Assemblies

MTAR is working on the development of cable harnessing assemblies for Clean Energy- Fuel Cells sector

Qualification process is expected to be completed by H1 FY 2023-24

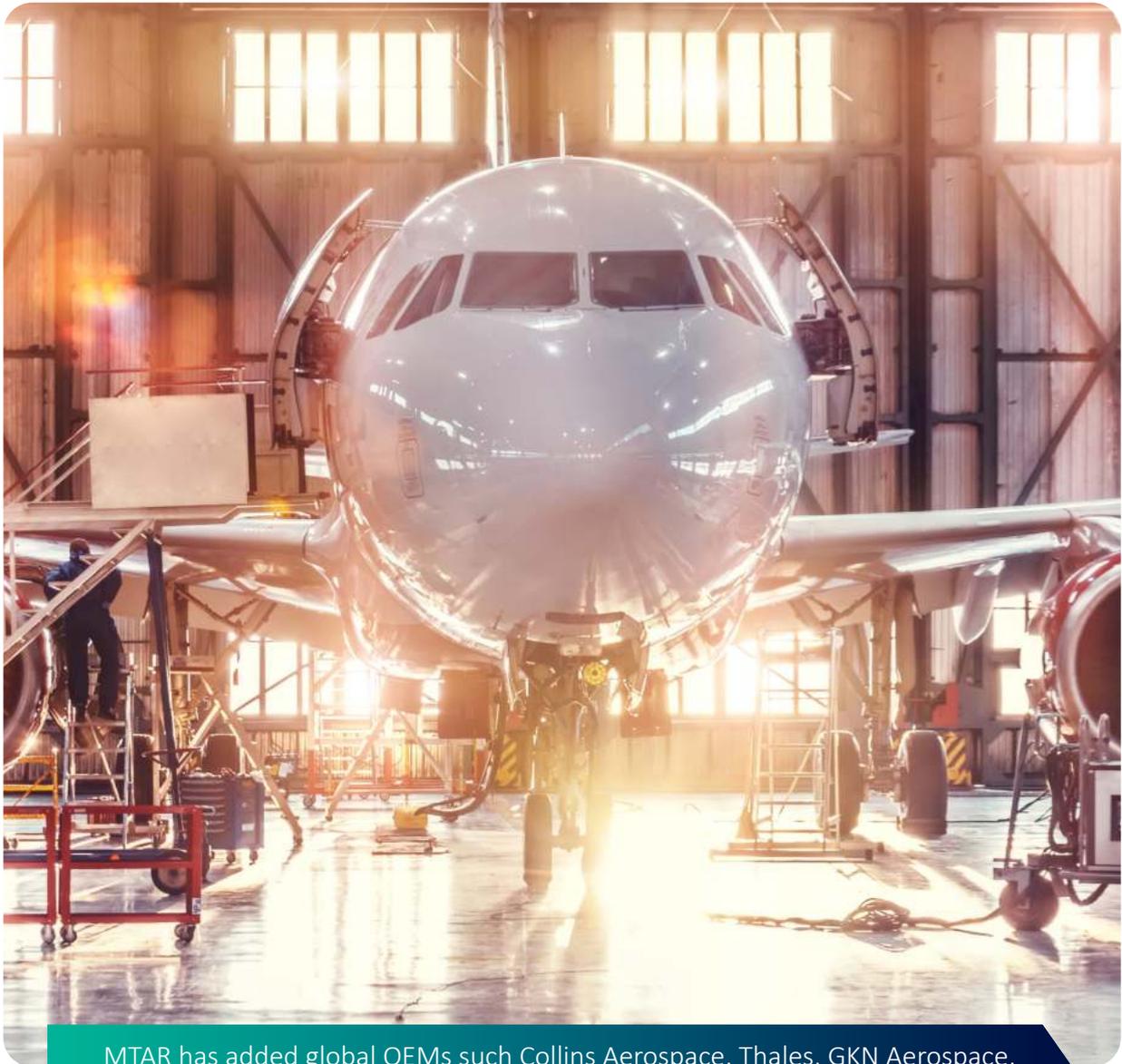
The company intends to cater to Aerospace vertical as well

Heaters

Initiated the development of Heaters that are used in electrolyzers

Currently, heaters are imported; Indigenisation of heaters enables us to save the costs incurred for manufacture of electrolyzers

Long Standing Relationships with customers from diversified sectors and geographies



MTAR has added global OEMs such Collins Aerospace, Thales, GKN Aerospace, GE Power etc. in FY 2022-23.

Indian Space Research Organisation

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

Nuclear Power Corporation of India Ltd

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

DRDO

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

Rafael Advanced Defense Systems Ltd

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

Elbit Systems

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

Collins Aerospace

Collins Aerospace is one of world's leading supplier of Aerospace products. It's engaged in designing, manufacturing and servicing systems and components for commercial aviation, business aviation, military and defense, helicopters, space, airports, and other industries.

Collins Aerospace has six strategic business units: Aerostructures, Avionics, Interiors, Mechanical Systems, Missions Systems, and Power & Controls

GKN Aerospace

GKN Aerospace is the world's leading multi-technology Aerospace product supplier. With 38 manufacturing locations in 12 countries, it serves over 90% of the world's aircraft and engine manufacturers. It designs and manufactures innovative smart aerospace systems and components.

Thales

Thales Group is a French Multinational Company that designs, develops and manufactures electrical systems as well as devices and equipment for the aerospace, defence, transportation and security sectors. Its solutions include air traffic management systems, navigation solutions, flight deck, avionics equipment, flight avionics, electrical systems, and training solutions for the aerospace industry.

The Company also provides weapon systems, protection

systems, radio communications products, network and infrastructure systems, critical information systems and cybersecurity solutions for the land, naval and air defense markets. Thales also offers maintenance, repair and training services. Head quartered in Paris, France, its business operations span across the Americas, Europe, Asia-Pacific, the Middle East and Africa.

Bloom Energy Inc.

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

Voith

The Voith Group is a global technology Company. With its broad portfolio of systems, products, services and digital applications, Voith has set standards in the markets of energy, paper, raw materials and transport & automotive. Founded in 1867, Voith is one of the larger family-owned companies in Europe with sales of € 4.3 billion and locations in over 60 countries

GE Hydro

GE Hydro is one of the renowned players in Hydel sector that offers broadest range of hydro solutions and services: from water to wire, from individual equipment to complete turnkey solutions, for new plants and the installed base. GE'S Hydro Turbines and Generators represent more than 25% of the total installed capacity worldwide.

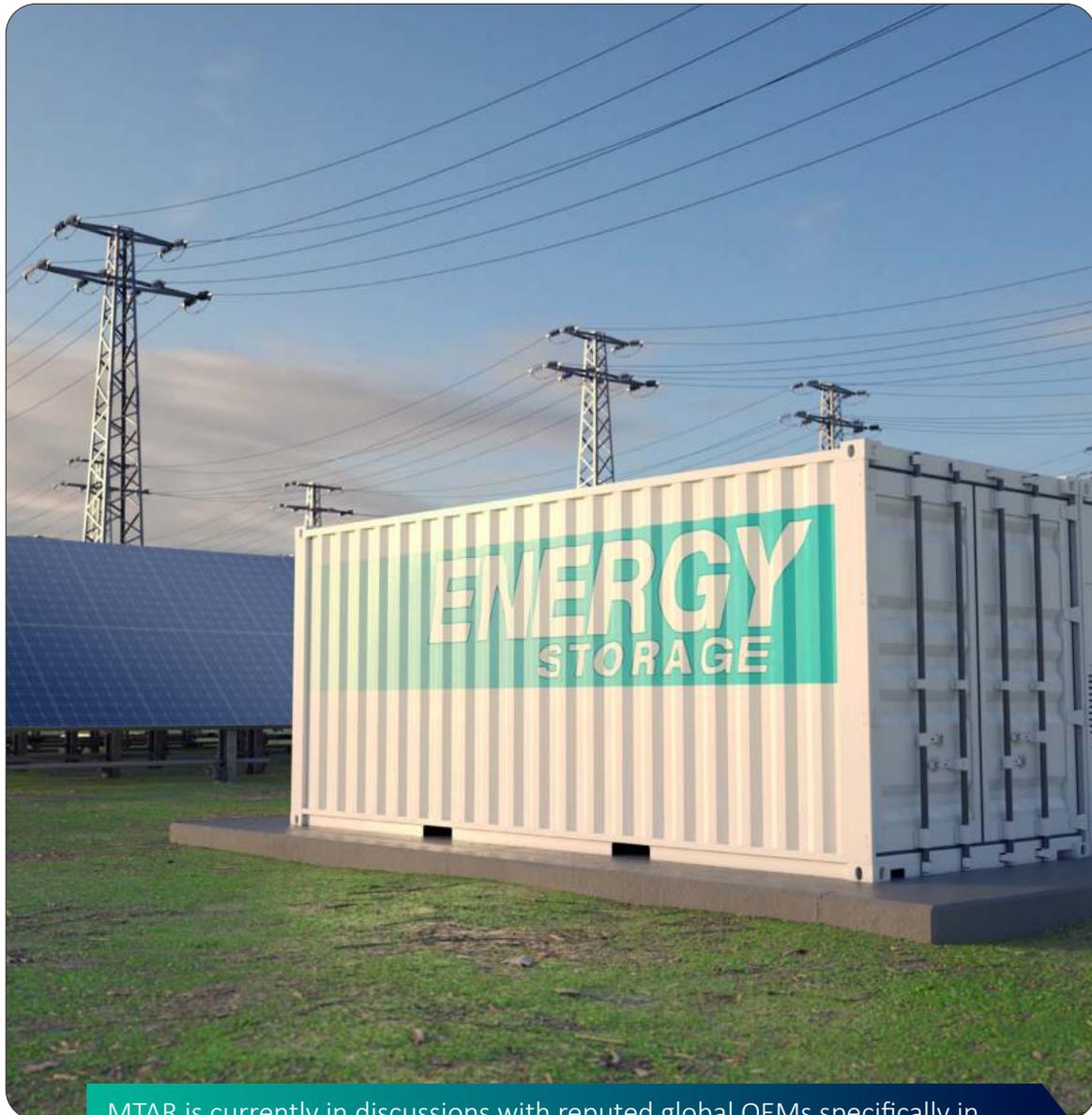
Andritz Hydro

Andritz Hydro is a global supplier of electromechanical systems and services ("from water-to-wire") for hydropower plants and one of the leaders in the world market for hydraulic power generation.

Worldwide Oilfield Machine

Worldwide Oilfield Machine (WOM) is a vertically integrated, multinational oilfield equipment manufacturer that specializes in custom solutions for the drilling, testing, production and intervention segments of the oil and gas industry. Established in 1980 with headquarters based in Houston, Texas, WOM group of companies' employ have 12 strategically located facilities around the world.

Expanding Customer Base in Clean Energy & Aerospace sectors- customers in pipeline



MTAR is currently in discussions with reputed global OEMs specifically in Clean Energy and Aerospace sectors

Clean Energy

Fluence Energy

Fluence is a global leader in energy storage systems. It offers energy storage products that are optimized for common customer applications but can be configured for specific use cases and requirements. All Fluence products can be delivered as turnkey solutions to the customer including all associated balance of plant equipment.

Enercon

Enercon has been one of the world's leading companies in the wind energy industry for more than 35 years. Enercon is driving forward supply with renewable energies worldwide and is also involved in areas of future technology including energy storage, e-mobility, and smart grid solutions.

Globally, Enercon has a presence with a global decentralised service and sales network in more than 45 countries. Its product portfolio comprises wind turbines with outputs from 800 to 5.500 kilowatts

Enervenue

EnerVenue provides metal-hydrogen batteries for large-scale renewable and storage applications. It's challenging conventional energy storage design with its differentiated technology. Based on proven technology used by NASA for more than three decades, EnerVenue Energy Storage Systems feature an exceptionally long lifespan, eliminating the need for augmentation or oversizing. Its Energy Storage Systems can be easily mounted in racks, containers or stacked in custom warehousing.

Regen Power

Regen Power was established in 2003 and is renowned for both innovation in the field of renewable energy in Australia. Regen provides a wide range of products for solar energy systems including solar panels, inverters, charge controllers, and wind turbines for both urban electricity grids and remote area off grid PV market systems at very competitive rates. To date, Regen has installed and maintains over 9000 residential rooftop Solar PV systems in Australia.

Regen Power was established in 2003 and is renowned for both innovation in the field of renewable energy in Australia. Regen provides a wide range of products for solar energy systems including solar panels, inverters, charge controllers, and wind turbines for both urban electricity grids and remote area off grid PV market systems at very competitive rates. To date, Regen has installed and maintains over 9000 residential rooftop Solar PV systems in Australia.

Defence & Aerospace

Israeli Aerospace industries

Israel Aerospace Industries or IAI is Israel's major aerospace and aviation manufacturer, producing aerial and astronautic systems for both military and civilian usage. It is a completely state-owned by the government of Israel. IAI designs, develops, produces and maintains civil aircraft, drones, fighter aircraft, missile, avionics, and space-based systems.

Bluebird Aero Systems Ltd

Bluebird Aero Systems Ltd provides tactical unmanned aerial systems (UAS) and peripheral equipment. It delivers combat-tested solutions to meet the global challenges for the military, homeland security, and civilian UAS markets. The Company's solutions are designed to deal with contemporary challenges related to real-time intelligence generated by small and smart UAS, a critical factor in modern combat and civilian applications. With a wide spectrum of UAS platforms, all operating from a unified ground control station, Bluebird systems are equipped to handle a variety of missions, even in challenging weather and terrain conditions.

Competitive Strengths



MTAR has invested in cutting edge and futuristic technologies to develop niche precision engineered systems over the past five decades

End to End Manufacturing Expertise

MTAR has been a leading player in India's niche precision engineering industry over the past few decades and the company has contributed to some of the prestigious Indian & Global programs in Clean Energy, Space & Defence sectors.

The company is known for supplying reliable built to print precision engineered systems that has enabled the company to develop long-standing relationships with its customers. MTAR has forayed into product design by initiating the development of Small Satellite Launch Vehicle project where the company shall be working on concept design to complete system realisation.

Decades of expertise in manufacturing and development of innovative technologies

in collaboration with its customers has led MTAR to develop state-of-the-art facilities including in-house product design, advanced machining, specialised fabrication, system integration, surface treatment and heat treatment. These capabilities are further supported by an extensive and stringent testing and quality control mechanism undertaken at each stage of the production process to ensure that our finished product conforms to the exact requirement of our customers

Further, all our revenue generating units including our EOU have accreditations such as the ISO 9001:2015 certification and AS9100D certification (technically equivalent to the EN 9100:2018 and JISQ

9100:2016 certifications) for quality management systems.

Our facilities at Unit 2, EOU and Adibatla have been certified for ISO 14001:2015 Environmental Management System, ISO 45001:2018 Occupational Health & Safety and ISO 27001:2013 Information Security Management System. We have received the NADCAP certification for our facilities at Unit 2 and Unit 5.

Wide product portfolio across diverse sectors

MTAR has developed wide product portfolio across diverse sectors. It provides built to print products as per the customer specifications. Reliability of the end product and timely execution of complex projects have enabled us to become a strategic partner to our customers and increased our customers' dependence on us.

Our association with entities of Department of Atomic Energy for the past five decades bears testimony to the Company's ability to manufacture and supply specialized products such as fuelling machine head, bridge and column and coolant channel assemblies, among others, not just for the new pressurized heavy water nuclear reactors, but also for refurbishment and maintenance of the existing reactors.

MTAR supplies SOFC & hydrogen units, sheet metal assemblies, enclosures, ASP assemblies to solid oxide fuel cells and electrolyser units to solid oxide electrolysers in Clean Energy – Fuel Cells sector. The Company has also initiated the development of cable harnessing assemblies. In addition, we have also started addressing orders of critical structures in Hydel and Waste to Energy sectors

Within the space sector, we have established relationship with ISRO to whom we have been supplying a wide variety of mission critical assemblies specifically, liquid propulsion engines, cryogenic engines (turbo pumps, booster pumps, gas generators and injector heads for such

engines) and electro-pneumatic modules to serve Space Launch Vehicles. MTAR also supplies precision equipment for Defence and import substitutes that find applications across various sectors.

The Company has delivered the first articles of roller screws that are import substitutes and is geared up for volume production. We have also initiated the concept design and development of Small Satellite Launch Vehicle.

State of the art facilities with cutting edge manufacturing technologies

We operate through our seven state-of-the-art manufacturing facilities, including one EOU, each of which, is situated in Hyderabad, Telangana. The company has established capacities ahead of time through internal accruals in the past with a view to cater to the increased volumes in future.

The additional capacity available enables us to expand our operations with ease to meet

future demand at minimized cost of expansion. MTAR has invested in futuristic manufacturing technologies to provide advanced machining, assembly & integration, surface treatment and heat treatment, quality control capabilities under one roof

With in house expertise, the company designed and built, with

inhouse expertise, certain sophisticated special purpose machines instead of importing comparable machines that has resulted in significant cost savings

Plant	Products Manufactured	Sectors Primarily catered to	Facilities offered
Unit 1	Complex nuclear assemblies manufacturing such as fuelling machine head, thimble package, top hatch beam, bridge and column and defence equipment, among others	Clean Energy- Civil Nuclear Power, Defence and Space	Design, Advanced computerized numerical control (“CNC”) machining and quality control
Unit 2	Liquid propulsion engines such as Vikas engine, Cryogenic engines, Semi Cryo engine, electro pneumatic modules for use in Polar Satellite Launch vehicle (“PSLV”) and Geosynchronous Satellite Launch Vehicle (“GSLV”) and satellite valves	Space	Advanced CNC machining, assembly, specialised fabrication, quality control and testing
Unit 3	High Volume nuclear assemblies including coolant channel assemblies, products such as Ball Screws, Water Lubricated Bearings, Roller Screws and other nuclear site orders	Clean Energy- Civil Nuclear Power, Defence and Space	Advanced CNC machining and quality control
EOU	SOFC & Hydrogen units, electrolysers, ASP assemblies for Clean Energy, high precision equipment to Aerospace MNCs	Clean Energy- Fuel Cells & MNC Aerospace	Advanced CNC machining, assembly, special processes, and quality control
Unit 4	This is a supporting unit and undertakes rough machining	-	Rough machining
Unit 5	This is a supporting unit and undertakes surface and heat treatment	-	Surface treatment, heat treatment and special processes
Unit 6- Adibatla	Sheet metal components and enclosures for Clean Energy- Fuel cells; critical structures for Clean Energy- Hydel & Waste to Energy sectors Electronics Manufacturing Systems- Cable Harnessing Assemblies	Clean Energy- Fuel Cells, Hydel and others	Advanced Machining, Fabrication, Integration, Cable Harnessing Assembly

Our Company does not have dedicated production lines to manufacture identified products and our facilities are fungible across all the sectors that gives us a greater flexibility in terms of utilization of our capacity.

Diversified vendor base

The Company sources wide variety of specialized raw materials including Inconel, 17-4 PH, SS 410, 13-8 MO from various vendors depending upon the requirement of a project that we undertake. Majority of the specialised raw materials are imported from authorised vendors. Over the decades, the company has developed a diversified vendor base thereby eliminating dependence on certain vendor

In Clean Energy- Fuel Cells sector, majority of raw materials are procured from customer directed sources and the company will enter into price contracts with vendor an year ahead; any subsequent increase in price is a pass through. In certain instances, specifically in Space sector raw

materials are directly procured and supplied by our customers. .

Given that raw material expenses constitute a significant portion of our overall cost, we benefit majorly from a strong, spread out and diversified supplier base. This enables us to negotiate favourable terms and even avail better discounts. Additionally, we believe that our diversified supplier base helps us in minimizing supplier risk on account of low supplier dependency.

The Company doesn't have any long-term contracts with any of our raw material suppliers, however, we have maintained long term relationships with our major suppliers that enable us to obtain good quality raw

materials within the prescribed timelines.

Raw material prices vary from market to market, and our supply chain team accordingly analyses the arbitrage in different markets to take possible advantages of such variations by purchasing larger quantities from the cheaper source. The Company has a stringent vendor qualification process which enables us to keep a periodic check on our suppliers with regard to the quality of materials supplied and the corresponding prices. We use these details for negotiating purchases in the future and for quality claims, which we believe is a very important aspect of our business operations.

Experienced and well-qualified management team

MTAR is primarily led by Parvat Srinivas Reddy who has over three decades years of extensive work experience in manufacturing and construction sectors. In addition, the company's technical and corporate management team has substantial experience in Clean Energy - Civil Nuclear Power, Fuel Cells, Hydel & others, Space and Defence sectors, which enables it to tap the potential market opportunities, manage client expectations as well as proactively respond to changes in the market conditions.

The Company's stable growth momentum is also attributable to a strong management culture fostered by an entrepreneurial spirit, each business vertical being managed by experienced and hands-on segment business heads having in-depth technical and industry knowledge of the segments that we cater to. These business heads are instrumental in establishing and maintaining relationships with our customers.

In addition, our mid-level management is supported by our trained personnel and skilled workers who benefit from our regular in-house training initiatives. The Company emphasizes on execution with utmost efficiency and with minimum failures. Further, our personnel policies are aimed towards recruiting talented individuals, facilitating their integration, and promoting the development of their skills. The company has a modest

Track record of healthy growth in financials

We increased our revenue at a CAGR of 29.14% during the last five fiscal years, from Rs. 1595.97 Mn in Fiscal 2017-18 to Rs. 5733.47 Mn in FY 2022-23. We posted an EBITDA of Rs. 1539.62 Mn in FY 2022-23 from Rs. 318.75 Mn in FY 2017-18 at a CAGR of 37.02%. Our PAT was Rs. 1040.75 Mn in FY 2022-23 compared with Rs. 54.23 Mn in FY 2017-18, a CAGR of 80.56 %

At MTAR, we are geared up for an Accelerated Growth with Sustainable Margins



MTAR intends to enhance its green product portfolio further by expanding its presence in Clean Energy Vertical

6,488

Rs. Mn, Order book as on
March 31, 2022

11,729

Rs. Mn, Order book as on
March 31, 2023

Expand Product Portfolio

MTAR is working on enhancing its product portfolio by developing new products

In FY 2022-23, the company has developed ASP assemblies; dispatched around Rs. 75 Mn worth of orders

Initiated the development of Small Satellite Launch Vehicle project powered by semicryogenic technology

Expand Clean Energy & Aerospace Verticals

MTAR aims to expand its Clean Energy vertical, accordingly, the company is in discussions with various customers that are into battery storage systems, hydrogen storage systems, Wind Energy etc.

In addition, the company strategises to expand its presence in Aerospace vertical. The company has added reputed customers such as GKN Aerospace, Collins Aerospace, Thales, among others and has initiated discussions with lot more customers

Optimise Operational efficiencies

Reduce costs through economies of scale with increase in volumes, employment of earnings acquired in manufacturing end products, and a robust supply chain for sourcing of raw materials

Adopting cutting edge technologies to reduce product cycle time, there by augmenting the capacities

Embracing digital solutions for effective utilisation of the machinery

Capitalise on industry trends**Clean Energy Civil Nuclear Power:**

Government has announced construction of 14 reactors on a fleet mode. Nearly Rs. 500 Mn of orders are expected in FY 2023-24 from Kaiga 5 & 6 reactors as NPCIL intends to outsource the construction of reactors to a private player. In addition, there could be inflow of orders from fleet reactors

Clean Energy Fuel Cells: Clean Energy fuel cells market is projected to witness a CAGR of 30%- 35% over the next decade. Bloom Energy that is a pioneer in stationary fuel cells space is expected to register a massive growth that provides MTAR a lucrative growth potential. Also, as world is witnessing the transition into Clean Energy, the energy storage systems market and other Clean Energy vertical such as Hydel, Wind shall witness a significant growth

Space - ISRO has launched a constellation of 36 satellites for One web twice in FY 2022-23. Furthermore ISRO is also gearing up for prestigious missions such as Chandrayaan 3, Gaganyaan etc. catering to increased volumes driven by growth in number of launches, MTAR aims to increase our wallet share with ISRO by addressing opportunities including thrust chambers, light alloy structures, motor casings etc. MTAR seeks to expand its MNC Aerospace vertical, accordingly, added various new customers in FY 2022-23

Defence – The company is expecting to obtain Defence license in FY 2023-24, which enables it to be a manufacturing partner to foreign MNCs that are looking to cater to Indian Defence industry

Enhance the customer base

Develop new relationships with customers, both in India and abroad, in order to address lucrative opportunities in the Clean Energy - Civil Nuclear Power, Fuel Cells and others, Space & Defence sectors

Accordingly, we have added many new customers in FY 2022-23; the company is discussion with lot more customers that are into new technologies

The company continues to participate in seminars & international expos to build & develop network with leading foreign multinational companies

Capacity Augmentation

The company shall be taking up project specific investments to establish new facilities based on the business case and augment the capacities in bottle neck areas

Selectively look at technological projects to enhance engineering competence, increase market share, achieve operating leverage in key markets and strengthen cost competitiveness in the market

Our growing order book

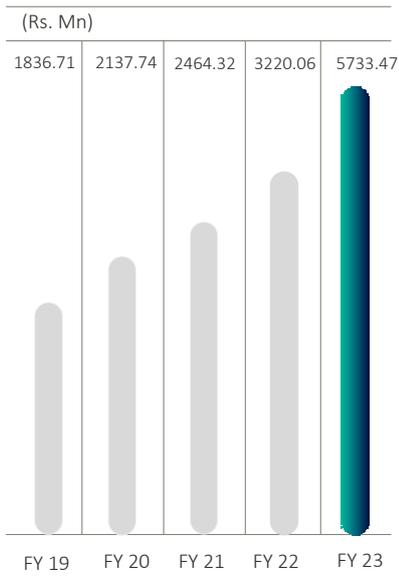
As on March 31,	FY 2018 - 19	FY 2019- 20	FY 2020 - 21	FY 2021 - 22	FY 2022 - 23
Order book by size (Rs. Mn)	2,437	3,451	4,159	6,488	11,729
Opening order book, FY 2022-23	New orders in FY 2022-23	Orders executed in FY 2022-23	Closing order book, FY 2022-23		
6,488	10,655	5,413	11,729		

All figures are in Rs. Mn

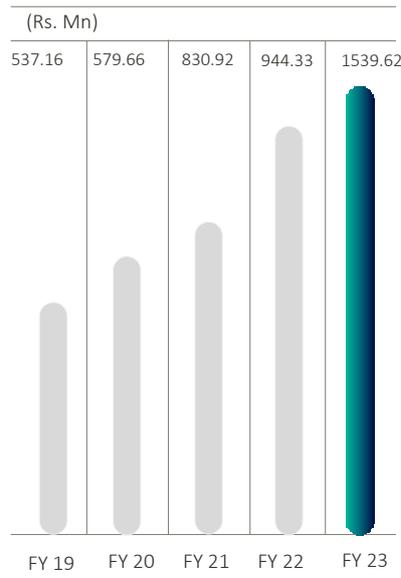
Track record of sustainable growth in the last few years

The Company has posted healthy margins, indicating a sustainable business

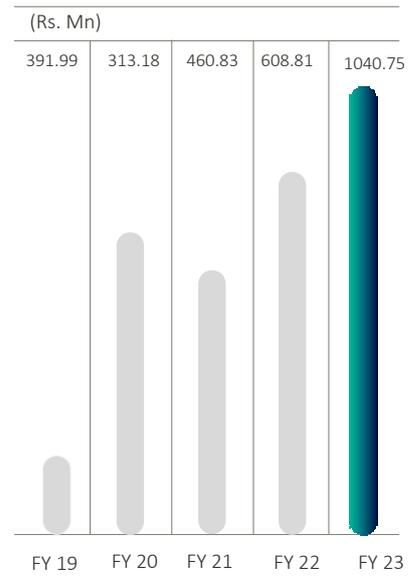
Revenues



EBITDA



Net Profit



Definition

Growth in sales net of taxes (if any)

Why is this measured?

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

What does it mean?

The company has witnessed an accelerated growth compared to industry average as the sectors company is catering are witnessing significant growth

Value impact

Aggregate sales increased by 78% to Rs. 5,733.47 Mn in FY 2022-23 due to increase in wallet share with existing customers & addition of new customers (detailed in the report)

Definition

Earnings before the deduction of interest, depreciation, extraordinary items, tax and other income

Why is this measured?

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

What does it mean?

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

Value impact

The Company clocked an EBITDA of Rs. 1,539.62 Mn with an YoY growth of 63.04%

Definition

Profit earned during the year after deducting all expenses, provisions and taxes

Why is this measured?

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

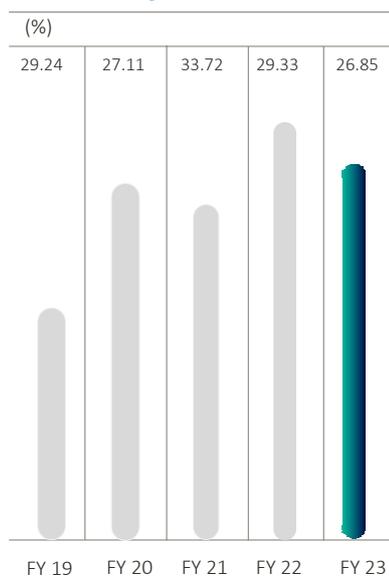
What does it mean?

It ensures that adequate surplus is available for reinvestment in Company’s operations

Value impact

The Company reported net profit of Rs 1,040.75 Mn in FY 2022-23, a 70.95% YoY increase, indicating healthy growth in profits, following increased revenues and WIP levels as part of business growth

EBITDA Margin



Definition

EBITDA margin is a profitability measure used to assess a Company's ability to generate a surplus on a rupee of sales, expressed as a percentage

Why is this measured?

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

What does it mean?

This demonstrates Company's ability to absorb interest and tax outflow after depreciation

Value impact

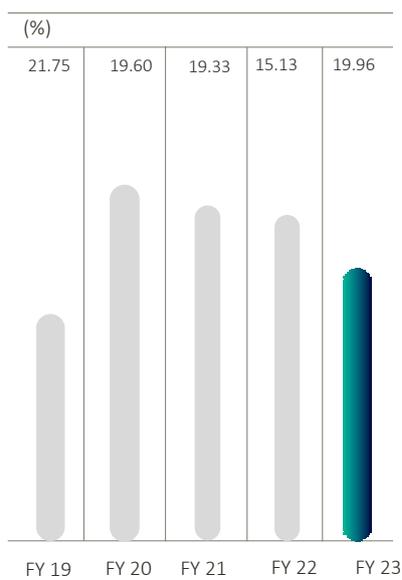
The company has registered an EBITDA margin of 26.85% as against the guided margin of 29% +/- 100 bps primarily due increase in employee benefit expenses because of salary correction exercise taken up in Q4

Sectorial Revenue break up

Sector	FY19 (Rs. Mn)		FY20 (Rs. Mn)		FY21 (Rs. Mn)		FY22 (Rs. Mn)		FY23 (Rs. Mn)	
	Rs. Mn	%*								
Clean Energy Civil Nuclear	240	13.04	260	12.17	553	22.43	457	14.19	438	7.64
Clean Energy- Fuel Cells & others	1,128	61.41	1,375	64.34	1,227	49.79	2,016	62.61	4417	77.04
Space	291	15.84	271	12.69	582	23.62	483	14.99	494	8.62
Defence	77	4.21	84	3.94	13	0.51	81	2.53	151	2.64
Products & Others	101	5.49	146	6.85	90	3.65	183	5.68	233	4.07
Total Revenue from Operations	1,837		2,138		2,464		3,220		5733	

*% represents revenue generated from a sector as a % of revenue from Operations

ROCE



Definition

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

Why is this measured?

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

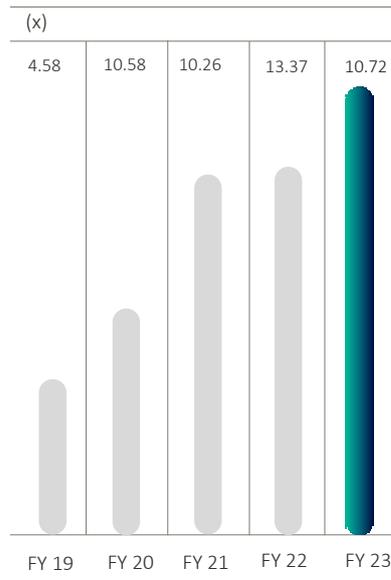
What does it mean?

Enhanced RoCE can influence valuation and perception.

Value impact

The Company's ROCE has improved due to increased revenues from existing verticals and new verticals

Interest Cover



Definition

This is derived through the division of EBIT by interest outflow

Why is this measured?

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

What does it mean?

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

Value impact

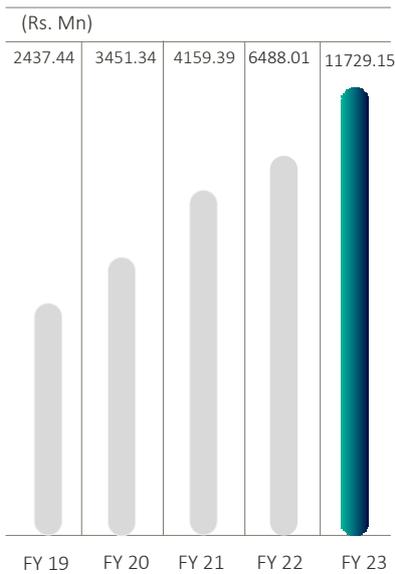
The Company's interest cover is maintained at healthy levels

Delivered a Healthy Top Line & Bottom Line Growth over the past Five Years

Order book

Our order book has posted a CAGR of 36.92 % over FY 2019-23 and is expected to witness a significant growth over the coming years.

Order book value

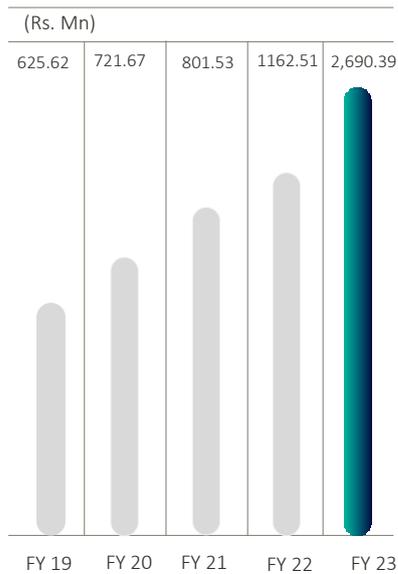


Our robust order book (revenue) provides ample visibility of continuous revenue growth as well as sustainable profitability

Manufactured Capital

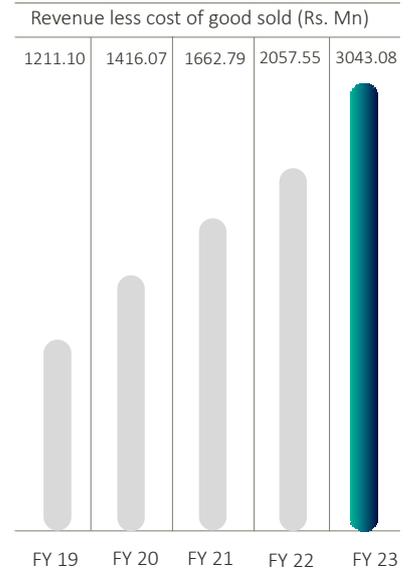
Our assets, manufacturing equipment and technologies constitute our manufactured capital.

Raw Material Cost



The Company increased the manufactured value of products year on year in-line with the increased revenue

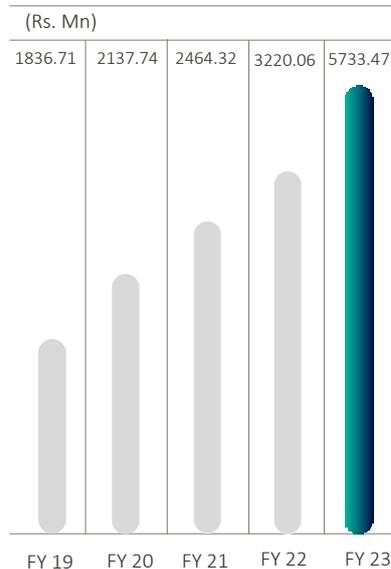
Gross Profit



The Company increased the extent of value added to materials

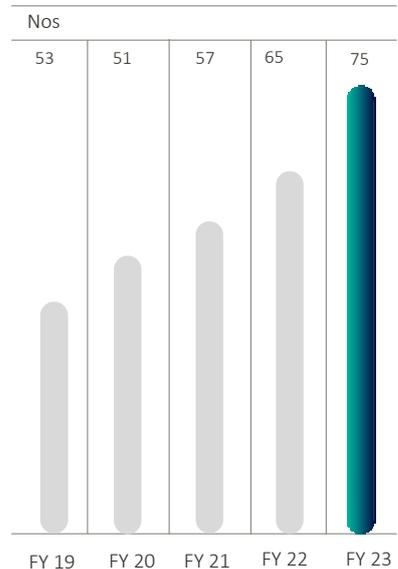
Our relationships with communities and partners (vendors, suppliers and customers) influence our role as a responsible organisation.

Revenue



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

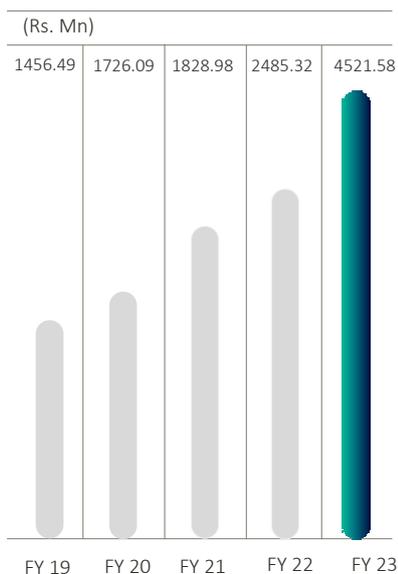
Unique Customers



Human Capital

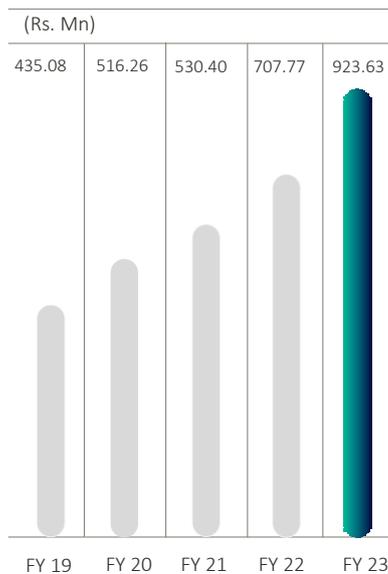
Our management, employees form a part of our workforce, the experience and competence enhancing value.

Total Expenses



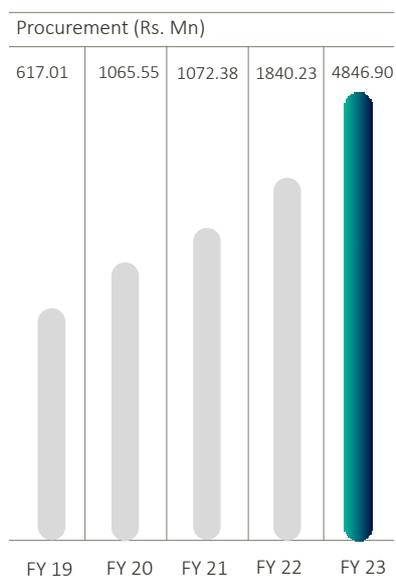
Total expenses have increased in line with the revenue growth

Salaries & Wages



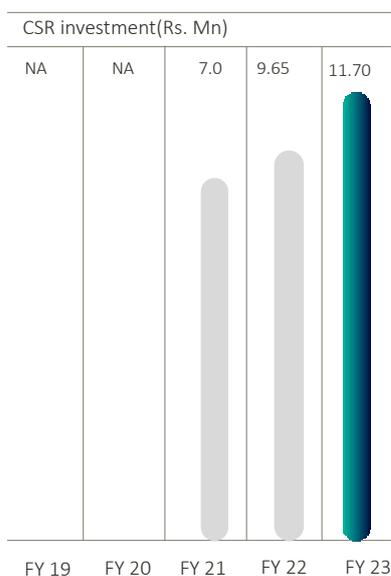
The Company has invested a progressively larger amount in employee remuneration, underlining its role as a responsible employer

Vendor Value



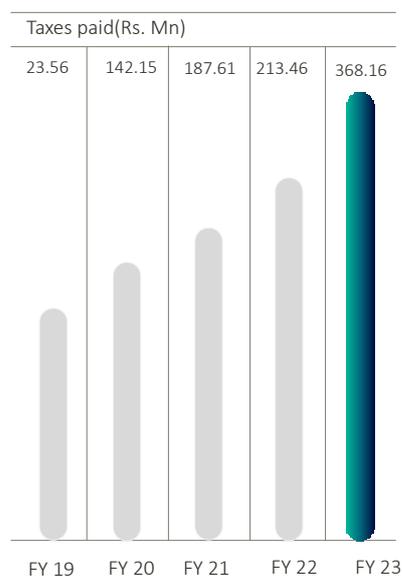
The Company procured a larger quantum of resources through the years, strengthening procurement economies

Community



The Company enriched communities in the geographies of its presence

Government



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

Operational Review

We look forward to an accelerated growth in Clean Energy & Space verticals over the coming years

The MTAR management explains operational performance in FY 2022-23 and various strategic initiatives the company is working upon



1. How was the performance of the company in FY 2022-23?

The company has clocked highest ever revenues of Rs 5,733.47 Mn in FY 23 as against Rs. 3220.06 Mn. in FY 22, 78.05% increase, maintaining the accelerated growth momentum in line with our guidance. We post an EBITDA of Rs. 1539.62 Mn. in FY23 as compared to Rs. 944.33 Mn. in FY22, 63.04% increase, representing a healthy growth in absolute profits. Our Profit After Tax stands at Rs. 1,040.75 Mn in FY23 as against Rs. 608.81 Mn in FY 22,

70.95% increase.

The company has a closing order book Rs. 11729.4 Mn for the year ended March 31, 2023. The company has also taken up various business strengthening initiatives including development of new products, augmentation of capacities in bottle neck areas and enhancement of management bandwidth.



2. What are the new product development initiatives the company has taken up in FY 2022-23?

MTAR has consistently developed new products and technologies since its inception. In FY 23, we have commenced the supplies of sheet metal assemblies and enclosures through our new sheet metal vertical and dispatched around Rs. 331.30 Mn of orders in the year under review.

Vehicle with a payload capacity of up to 500 Kg powered by 100-ton engine in the first stage and 10-ton engine in the second stage with Liquid Oxygen & Kerosene as propellants. The 100-ton semi cryogenic engine once developed could be a game changer for the company in a technological perspective as the engine can be used in the launch vehicles with higher payload carrying capacity as well by varying the number of engines

The company has developed ASP assemblies and initiated the qualification process for cable harnessing assemblies for Solid Oxide Fuel Cells in Clean Energy sector. MTAR has started working on the development of Small Satellite Launch



3. How is the company progressing on customer diversification?

MTAR has been adding lot of new customers over the past two years to provide the business with more opportunities for growth. In FY 2022-23, we have added customers such as GE Power from Clean Energy – Hydel sector and Collins Aerospace, Thales Aerospace, GKN Aerospace, among others in Aerospace vertical. The company is also in discussion with customers that are into Energy Storage systems and Hydrogen storage systems.

MTAR strategizes to tap new markets and enhance its product portfolio in current markets by adding customers across various verticals, thereby providing further impetus to its growth. Historically, the company has a long standing relationships with all its existing customers and we aim to become a strategic partner to its new customers as well.



4. Did the company take initiatives to reduce Net Working Capital days?

The company has reduced the Net Working Capital days to 230 for the year ended 31st March 2023 as against 275 days for the year ended March 31, 2022. There was a reduction in receivable days due to shorter transit time for exports as the global supply chains started restoring normalcy after rocky three years. There was increasing in our inventory days since the company has procured material ahead of time specifically for the development of new products including sheet metal assemblies, enclosures, ASP assemblies and cable harnessing to avoid any delay

in qualification process due to lack of raw material.

As we commence the batch and volume production of our new products, the company is working on reducing its inventory days by streamlining the raw material procurement. Increase in revenues coupled with emphasis on reduction of inventory days is expected to result in lesser than 200 days of Net Working Capital by end of FY 2023-24.



5. Where do we stand in terms of order book by end of FY 2023-24?

For FY 2023-24, we have guided for a closing order book of Rs. 15,000 Mn. Significant order inflows of Rs. 5,000 Mn are projected in Civil Nuclear Power sector as NPCIL is planning to outsource the construction of Kaiga 5 & 6 reactors to private player on a tender basis. The private entity that wins the bid has to procure the sub systems from pre-qualified vendors as per the tender conditions.

In addition, Rs. 1,000 Mn of orders inflow is expected in Space division from ISRO & various other MNC Aerospace customers. There could be Rs. 600 - 700 Mn order inflows in Clean Energy- Hydel and other sectors.



6. Does the company has a roadmap for growth over the next five years?

The company targets a revenue of Rs. 30,000 Mn over the next five years. Positive industry growth in the sectors of our presence is expected to transfer into accelerated inflow of orders from our customers. MTAR expects to derive this revenue from the volume ramp up of existing products, increase in wallet share with existing customers and revenue ramp from new customers.

Accordingly, the company is targeting to improve its market share with existing customers, tap new opportunities such as storage systems and expand its customer base in existing verticals.



7. What is the business outlook for FY 2023-24?

In FY 2023-24, The company has guided for 45%-50% increase in revenues compared to FY 2022-23. Our EBITDA levels are projected to be at 28% +/-100 bps. While there shall be a healthy growth in Clean Energy – Fuel Cells, Hydel and others, Clean Energy- Civil Nuclear Power shall witness a growth of 40% backed by a robust order book of around Rs. 1,930 Mn by end of FY 2022-23.

Space is poised to register a YoY growth of 40% where 15%- 20% growth shall be derived from orders by ISRO and 45%-50% growth shall be registered from MNC Aerospace sector. There shall be 20% increase in revenues of Defence vertical in FY 2023-24 compared to FY 2022-23. Nearly Rs. 1200 – 1300 Mn revenue shall be generated from products division due to addition of ASP assemblies.



8. How is the company planning to fund its growth?

The company intends to grow organically and it shall be funding its growth organically through internal accruals and debts. MTAR has established capacities ahead of time to cater to the current growth. We shall be carrying out project specific investments to foray into new verticals like energy storage systems, hydrogen storage systems etc. based on the business potential of each project.

The company has a healthy debt to equity ratio and similar levels are expected over the next five years as our internal accruals and debt limits will be sufficient to fund the projects we are currently in discussion with and to augment our capacity in bottle neck areas.

Management Discussion & analysis



Global Economic Overview

Global uncertainties including inflationary pressures and supply chain constraints are expected to impact profit margins of the organisations across various sectors. International Monetary Fund projections forecast sluggish growth for most of the major economies in 2023 with a gradual recovery in 2024

As per IMF, the baseline forecast is for growth to fall from 3.4 percent in 2022 to 2.8 percent in 2023, before settling at 3.0 percent in 2024. Advanced economies are expected to see a pronounced growth slowdown, from 2.7 percent in 2022 to 1.3 percent in 2023.

Inflation's return to target is unlikely before 2025 in most cases. Public debt as a ratio to GDP soared across the world during COVID-19 and is expected to remain elevated. However, emerging and developing economies are expected to fare well compared to advanced economies

Source: IMF, Economic Times

Regional Growth %	2023	2022
World Output	2.8	3.4
Advanced economies	1.3	2.7
Emerging and Developing economies	4.0	3.9

Source: IMF, World Bank

Indian Economic Review

International Monetary Fund (IMF) had projected that India would be the fastest-growing economy in the world with a growth rate of 5.9% in FY 2023-24, despite confronting considerable challenges such as financial sector turmoil, inflationary pressures, effects of the Russia-Ukraine war, and the persistent impact of the Covid-19 pandemic over the past three years. The IMF's bi-annual report stated that India's headline retail inflation is expected to ease up, from 6.7 per cent in the previous year to 4.9 per cent in 2023-24, which is a clear indication of India's economic prowess and its unwavering determination to overcome even the toughest of obstacles.

IMF acknowledged India's efforts in leveraging digitalization to overcome the challenges posed by the Covid-19 pandemic, which has not only helped the country weather the storm but also created new opportunities for growth and employment. The recent Union budget balances between addressing development needs and

maintaining fiscal responsibility with enhanced capital expenditure that provides a strong foundation for long-term growth and ensures sustainable development for India.

The budget has increased capital expenditure on important infrastructure projects that will create a strong foundation for long-term growth and help India achieve sustainable development. India has also been rising investment in the green economy, including clean and renewable energy, looking forward to the conversion of this fiscal responsibility into a medium-term framework anchoring India's public finance.

Indian manufacturing sector is set to witness a significant growth as Government is placing for a wide-ranging push on manufacturing.

Broad government reforms have started

showing momentum, from the Goods and Services Tax (GST) to the ease of doing business and the Production Linked Incentive (PLI) schemes. Opportunities are emerging in renewables, aerospace, and Defence as the world transitions to a green and connected future. Building a futuristic competency in these sectors will require focusing on R&D, investments in technology transfers, global tie-ups, and incentivizing private investments along with collaboration across academia, industry, and the government. With the right reforms and disciplined execution, India's manufacturing sector can reach \$4.5 trillion, taking its GDP share to 22 percent by 2047 (against a base projection of \$2.5 trillion with a 17 percent share in GDP), which is both a necessity and an opportunity for India to unfold golden age of manufacturing

Source: Economic Times, IMF

Y-o-Y growth of the Indian economy

	FY18	FY 19	FY 20	FY 21	FY 2021-22	FY 2022-23
Real GDP growth (%)	7.2	6.1	4.2	6.6	8.7	7.2

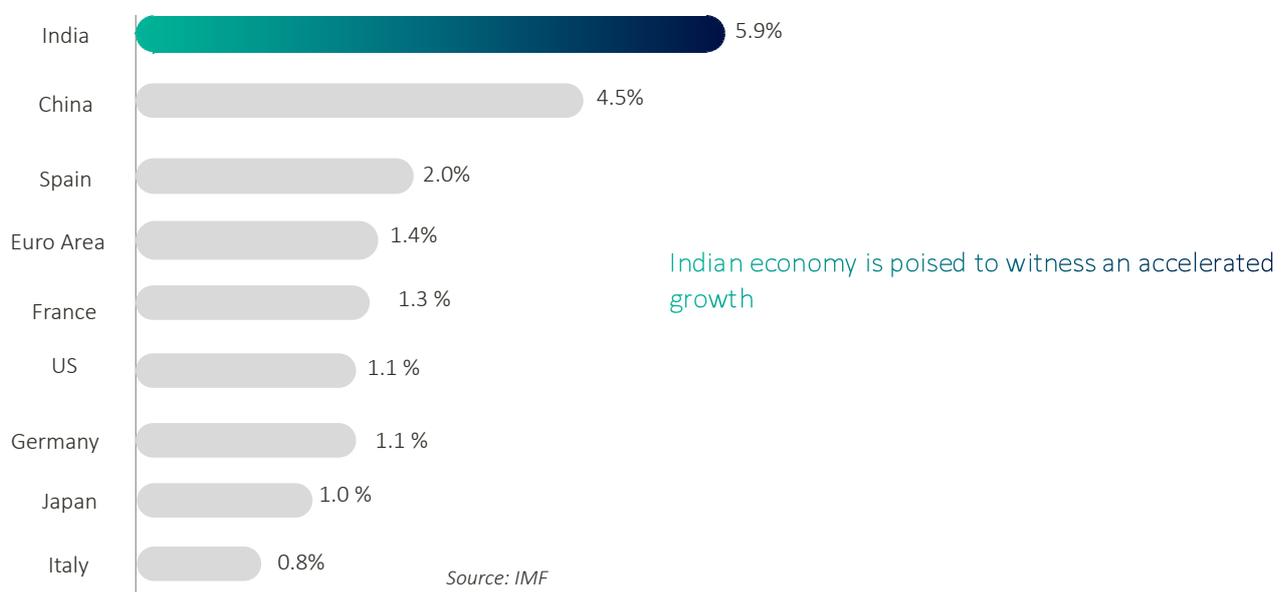
Source: Economic Times, IMF

Growth of the Indian economy, FY 2022-23

	Q1 FY 2022-23	Q2 FY 2022-23	Q3 FY 2022-23	Q4 FY 2022-23
Real GDP growth (%)	13.1	6.2	4.3	6.1

Source: Economic Times, IMF

IMF's growth outlook for FY 2024



Divisional Review
Clean Energy

Globally the shift to renewable energy is gaining momentum. Economies depend on reliable and affordable delivery of electricity for sustainable development. At the same time, the need to address climate change is driving a

transformation of power systems globally. Renewables, including solar, wind, hydro, waste to energy, Hydel and others, are at the centre of the transition to a less carbon-intensive and more sustainable energy system.

If world has to achieve its carbon neutrality targets, electricity has to be generated from various sources of Clean Energy. MTAR is focusing on enhancing its product portfolio in various verticals of Clean Energy to contribution to the global transition to low carbon economy

Clean Energy - Civil Nuclear Power


Indian government is committed to growing nuclear capacity and has set ambitious targets to increase the number of civil nuclear reactors. Civil nuclear power currently comprises three per cent of India's total electricity generation

One of the major growth drivers for India's nuclear programme is the consistently increasing demand for electricity. The current capacity of the fossil fuel driven power plants is prone to supply chain interruption largely as India is a net importer of coal. Dependence on imported energy resources and the inconsistent reform of the energy sector are challenges to satisfying rising demand. Additionally, the conventional power generation technologies are highly polluting in nature. With rising carbon neutrality goals and targets, India is focusing on clean power generation through renewables and nuclear technology. India's nuclear power sector is saving 41 million tonnes of carbon dioxide

emissions annually, compared to emissions that would have been generated by equivalent electricity generation from conventional coal-based thermal power plant.

Currently, 22 reactors with a combined capacity of 6.7 GWe are operational in the country, 8 reactors with combined capacity of 6.0 GWe are under construction. To strengthen the domestic nuclear supply chain in line with the government's 'Atmanirbhar Bharat' initiative, the government has devised a policy to increase the capacity by three-fold and announced to construct 14 reactors in fleet mode with a single timeframe. The government plans to increase nuclear capacity from 6.7 GWe to 22.4 GWe by 2031 on the progressive completion of projects under construction and accorded sanction.

In the next three years, capacity addition of 5,300 MW is planned on completion of two 700 MW units each at Kakrapar Atomic

Power Station and Rajasthan Atomic Power Project respectively, two 1,000 MW power plants at the Kudankulam Nuclear Power Project and one 500 MW Prototype Fast Breeder Reactor at Kalpakkam. In addition, government wants to outsource construction of Kaiga 5 & 6 reactors 700 MWe each to major private player on a mega package mode with a target to finish the construction of reactor in 4 years

The Centre has accorded 'in-principle' approval for the site at Jaitapur in Maharashtra for setting up six nuclear power plants with a total capacity of 9.9 GWe in technical cooperation with France. The nuclear equipment industry in India is set to grow rapidly with the government sharpening its focus on the sector as it plans India's transition into low carbon economy. NPCIL is expected to roll out tenders for fleet reactors (planned expansion market) in the near to medium term in a phased manner. The total investment for building these reactors would be Rs 1,760-1,800 billion. Of this, Rs 350-435 billion would be equipment market. This growing market

opportunity in civil nuclear power is expected to increase opportunities for domestic suppliers present in this sector. With rising contract volume, while new entrants would plan to make in-roads into the industry, high entry barriers especially in technology, reliability, and manufacturing capability will give an edge to the established players.

The combined after-market revenue, including maintenance and refurbishment during FY 2015-19, which was valued at Rs. 5.5 Bn-6 Bn is estimated to reach Rs. 9 Bn-10 Bn from FY 2020-25E. Over the next five years, the maintenance and refurbishment market is anticipated to expand around 1.7x on account of more reactors completing 18-year life

spans. As of 2019, nuclear power plants with 2.6 GWe capacity were in the refurbishment stage, which is expected to rise to 3.5-4.0 GWe by 2025.

Opportunity for MTAR

MTAR caters to 20-25% equipment portion of the overall order for a 700 MWe PHWR nuclear plant. The Company supplies 14 different equipment to the nuclear island, which translates into an addressable market opportunity size of Rs. 7-8 Bn per reactor. The total equipment addressable opportunity for MTAR stands at Rs. 70-80 Bn over the next decade from fleet reactor orders.

MTAR has facilities to address orders from 4

assemblies, among others, not just for the new pressurized heavy water nuclear reactors, but also for refurbishment of the existing reactors enables it to address the massive opportunity available in civil nuclear power sector.

Source: NPCIL, World Nuclear Association, CRISIL Research

New-build market (Rs billion)	Overall capital cost (Rs. bn)	Equipment cost (Rs. bn)
Operational reactors*	110-120	22-28
Under-construction reactors**	680-720	130-170
Planned expansion (medium to long term)	1,760-1,800	350-435

Source: NPCIL, World Nuclear Association, CRISIL Research

Reactors under construction

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

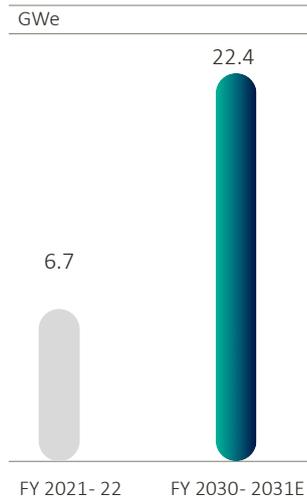
Source: NPCIL, World Nuclear Association, CRISIL Research

New planned reactors

New reactors planned	State	Type	Gross capacity (Gwe)
Gorakhpur 3 & 4	Tamil Nadu	FBR	0.7 * 2
Chutka 1 & 2	Gujarat	PHWR	0.7 * 2
Mahi Banswara- 1, 2, 3 & 4	Rajasthan	PHWR	0.7 * 4
Kaiga 5&6	Tamil Nadu	PHWR	0.7 * 2
Kudankulam- 5 & 6	Haryana	PHWR	1.0 * 2
Total			9.1

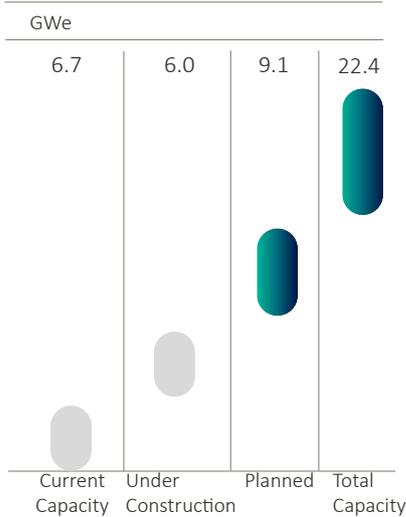
Source: NPCIL, World Nuclear Association, CRISIL Research

Increase in India's nuclear capacity, for 2019-2030P

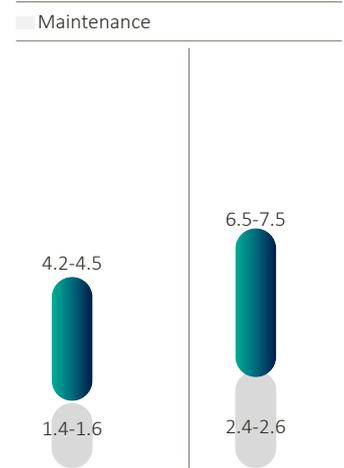


Source: NPCIL, World Nuclear Association, CRISIL Research

Increase in nuclear capacity in India



Source: NPCIL, World Nuclear Association, CRISIL Research



Source: NPCIL, World Nuclear Association, CRISIL Research



Rs. 500 Crs of orders expected from Kaiga 5 & 6 reactors that shall be outsourced to a major private player

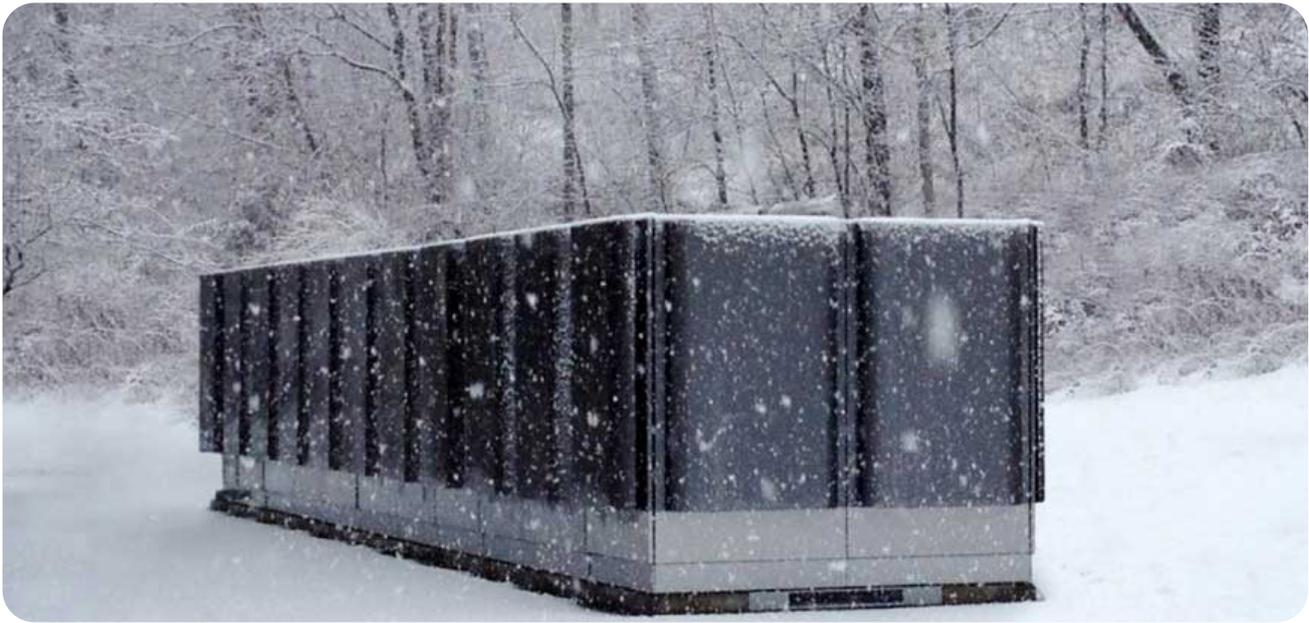
Key MTAR-Projects Executed FY 2022 - 23

- Fuelling Machine Head
- Coolant Channel Assemblies and other products
- Ball Screws
- Water Lubricated Bearings

Key MTAR projects in progress

- Fuelling Machine Head
- Sealing and Shielding Plug assemblies for Kaiga and GHPVR projects
- Fuel Transfer System
- Fuel Locator Assembly
- Fuelling Bridge & Column

Clean Energy - Fuel Cells



Fuel Cells Industry Potential

Energy generated from fuel cells is emerging as one of the reliable sources of renewable energy as the world witnesses its transition into Clean Energy. At present, the bulk of the electricity in the power grid is generated at centralized power plants, with natural gas, coal, and nuclear power as the most common fuels. However, a much smaller, though growing amount of electricity is being produced through distributed generation – technology that generates electricity at or near where it will be used. Energy storage is supporting this new grid system, with high efficiencies and more distributed power sources.

Fuel cells are deployed across stationary applications, such as primary power source and power back-up, transportation, including automobiles, buses, utility vehicles, and scooters and bicycles; and portable power options for applications, including laptops, cellular phones, power tools, military equipment, battery chargers, unattended sensors, and unmanned aerial and underwater vehicles.

Stationary fuel cell systems are utilized for backup power, powering remote locations, stand-alone power plants for off-grid towns and cities, distributed generation for residential and commercial buildings, and co-generation (in which excess thermal energy from the fuel cell process is used for heat). These applications find more relevance for

commercial stationary fuel cell systems are utilized for backup power, powering remote locations, stand-alone power plants for off-grid towns and cities, distributed generation for residential and commercial buildings, and co-generation (in which excess thermal energy from the fuel cell process is used for heat). These fuel cell applications find more relevance for commercial applications such as data centers and servers, hospitals, cellular towers.

As per Frost & Sullivan, the global fuel cell market will grow at a compounded annual growth rate (CAGR) of 15.4% between 2022 and 2030, with revenues increasing from USD 1.06 bn to USD 3.33 bn. The United States, South Korea, and Japan will remain as leading markets for stationary fuel cells. The stationary fuel cell market has approximately 50% active competitors, but the top four account for 85.2% of total installed capacity. With a 44% global market share, Bloom leads the top four companies, followed by Doosan-HyAxiom, FuelCell Energy, and Panasonic.

There are multiple kinds of stationary fuel cells, from phosphoric acid and molten carbonate to alkaline, however, as per Frost & Sullivan, solid oxide is on track to dominate sales due to the number and scale of the projects. Solid oxide fuel cells, as those made by Bloom, operate at higher temperatures than any other kind of fuel cells, which eliminates the

need for precious metal catalysts and gives Solid Oxide an electrical efficiency that exceeds that of conventional power sources – 60% as compared to 40%-50%.

Data centers are key to the future cell market growth, and Bloom Energy is well positioned in this market. While data centers are energy intensive, their operators are both looking to reduce their carbon footprint and get power according to a timetable that local electric utilities can't meet.

From the cost perspective as well, the cost of fuel cell systems has declined by 20% over the past five years. As fuel cells find more commercial applications and higher reception in the market, the demand for fuel cells will help to bring economies of scale and aid in the reduction of prices. For example, scaling fuel cell production from 10,000 to 50,000 units can reduce unit costs by as much as 7-10%, without technological breakthroughs. This cost reduction goes up to 40-45% with production volumes of 200,000 units i.e., 20x times growth in fuel cell production. Manufacturing costs largely drive the cost for fuel cells, which, in turn, is largely determined by production volume. Today, fuel cell manufacturing is manual and smaller in scale, with material cost forming a lower share of 10-30% for an annual production of 100-1,000 units. By taking advantage of production volume increases, companies can achieve significant cost reductions for several reasons.

Economies of scale will enable the operational efficiencies by reducing the fixed costs

Electrolysers

Hydrogen electrolysers are devices that use electricity to split water into hydrogen and oxygen.. When electricity input to the electrolyser is obtained from renewable sources like Wind and solar, then the hydrogen produced is called green hydrogen.

Electrolysers can range in size from small, appliance-size equipment that is well-suited for small-scale distributed hydrogen production to large-scale, central production facilities that could be tied directly to renewable or other non-greenhouse-gas-emitting forms of electricity production. Similar to fuel cells, electrolysers comprises of an anode and a cathode separated by an electrolyte. Electrolysers powered by different technologies function in different ways,

mainly due to the different type of electrolyte material involved and the ionic species it conducts EU has set a target of producing 10 Mt of green hydrogen domestically and importing 10 Mt by 2030. Europe's new REPowerEU targets and IRA incentives in the US will further increase the demand for green hydrogen from the current projection of 14 Mt per annum to 28 Mt per annum by 2030, equivalent to more than 280 GW of electrolyzer demand.

Globally several players have ventured into the development of electrolysers. Currently, there are only a few electrolyzer OEMs in India with extensive production facilities, and advanced technologies, presenting a significant opportunity for India to become a global electrolyzer manufacturing hub that caters to domestic as well as international demands. Currently, the cost to produce and operate electrolysers is high as the technology is a nascent phase, however, the need for precious metal catalysts and gives Solid Oxide an electrical efficiency that exceeds

that of conventional power source- 60% as compared to 40%- 50%. Data centres are key to the future cell market growth, and Bloom Energy is well positioned in this market. While data centres are energy intensive, their operators are both looking to reduce their carbon footprint and get power according to a timetable that local electric utilities can't meet

Bloom Energy Fuel Cells - Market Potential

In the clean energy segment, MTAR caters to Bloom Energy USA, a market leader in the stationary fuel cell segment. Bloom Energy's sales are larger than those of the next six players combined in the fuel cell space; the industry which posted a 40% CAGR in the past four years (annual installations of 1GW in 2019) is expected to witness a 35% CAGR over the next 10 years and Bloom Energy is targeting a revenue of USD 10 bn by end of CY 2030

Bloom Energy has signed a deal with South Korean conglomerate SK Group to provide \$4.5 billion of equipment and services,



Comparison of technology types of fuel cells

Fuel cell type	Operating temperature	Typical stack size	Electrical efficiency (%)	Major technology deployment players
Solid oxide fuel cell	500–1,000°C	1 kW – 2 MW	60%	Bloom Energy
Polymer electrolyte membrane	<120°C	1–100 kW	60% direct hydrogen fuel, 40% reformed fuel	Ballard

Source: industry, CRISIL Research

accordingly, Bloom Energy shall be deploying 500 MW of power through 2024.

The ongoing partnership between Bloom Energy and SK ecoplant was initiated three years ago and since then both the parties have transacted close to 200 MW of projects together, exceeding USD 1.8 billion of equipment and expected service revenue. The additional 500 MW to which the SK Group unit has now committed, shall be delivered in the period 2022-2025. South Korean government released a Hydrogen Economy Roadmap in 2019 calling for 15,000 megawatts of stationary fuel cells by 2040, which shows an immense potential available for fuel cells. Increasing public-private partnerships are also expected to result in a faster adoption of hydrogen-based applications.

The total opportunity size from hydrogen fuel cells is estimated at USD 300 Bn; including other areas such as the US C&I market and international expansion, the total opportunity is estimated at more than USD 2 Trn. Bloom Energy is targeting 30- 35% CAGR over CY20-30E

Key advantages of Solid Oxide fuel cells supplied by Bloom Energy

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

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

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

factor (of 95%) against 10-30% for solar/wind.

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

Bloom Energy Electrolysers - Market Potential

While BE is still in the process of commercializing its Solid Oxide (SO) electrolyzer, these are 20% more efficient than the PEM electrolyzer (45kWh/kg vs. 55 kWh/kg). Higher efficiency might enable Bloom Energy to gain market acceptance and price its Solid Oxide electrolyzer at a premium to a PEM electrolyzer. Electrolyzer business is projected to generate \$500M in revenue for BE by 2026E. Higher rates of acceptance (+35% CAGR) and large orders for BE's SO based electrolyzers shall ramp up the production volumes

Source: Industry, CRISIL Research, Economic Times

Fuel cell type	Operating temperature	Typical stack size	Electrical efficiency (%)	Major technology deployment players
Alkaline fuel cell	90-120°C	1-100 kW	60%	AFC Energy
Direct methanol fuel cell	30-130 °C	25-5 kW	40%	SFC Energy
Phosphoric acid fuel cell	150-200°C	5-400 kW, 100 kW module (liquid PAFC) <10 kW (polymer membrane)	40%	Doosan Corporation
Molten carbonate fuel cell	600-700°C	300 kW -3 MW, 300 kW module	50%	Fuel Cell Energy
Solid acid fuel cell	220-280°C	10W- 10kW	-	SAFCCell Inc

Source: industry, CRISIL Research

Parameter	2019	2030P	Growth (x)
Fuel industry size	Rs. 2.8 Bn	Rs. 26.1 Bn	1.9
Fuel industry installations by MW	1.1 GW	5.0+ GW	4.5

(Source: Industry data and publication, CRISIL Research)

Opportunity for MTAR

MTAR is one of the key manufacturing partners to Bloom Energy and sole supplier from India market for SOFC & hydrogen units and electrolysers. The Company has more than a decade of relationship with Bloom Energy. MTAR caters to 50%- 60% of its typical hotbox requirement and has a 100% compliance record with it.

Increased content per fuel cell: MTAR has been strategising to increase its wallet share with Bloom Energy and developed lot of new products. In FY 2022-23, MTAR has commenced the supply of sheet metal assemblies and enclosures

Key Products being supplied by MTAR

- SOFC Units- Yuma & Keeylocko
- electrolyser Units
- ASP assemblies
- Sheet metal assemblies & enclosures

Clean Energy - Battery Storage Systems



Market Potential

Energy storage is causing a significant disruption in the power industry, and the year 2023 is poised to witness unprecedented growth in storage solutions.

As the electricity grid increasingly relies on variable load power generation, the ability to store this electricity becomes crucial to avoid supply disruptions and prevent the wastage of surplus energy through curtailment. The widespread adoption of renewable energy sources worldwide has

amplified the demand for longer duration energy storage technologies. Additionally, the utilization of both battery and non-battery storage in various applications offers promising growth opportunities for players in this sector. The global momentum towards efficient energy storage solutions is continuing to build, marking a transformative shift in the power industry.

Opportunity for MTAR

MTAR intends to foray into storage solutions considering the exponential growth the storage solutions sector is set to witness

The company is in final stages of discussions with Fluence Energy that is into battery storage systems for supplying enclosures to their batteries. It has potential to generate Rs. 150- 200 Crs over the next couple of years, once the discussions are materialized.

We have also initiated discussions with Enervenue that is into Hydrogen Storage Systems. MTAR strategises to grow the storage systems vertical in a significant way over the next five years.

Source: industry, Frost & Sullivan

Clean Energy - Hydel, Wind Energy & Others



Market Potential - Hydro Power

Hydropower currently generates more electricity than all other renewable technologies combined and is expected to remain the world's largest source of renewable electricity generation into the 2030s. Henceforth, it will continue to play a critical role in decarbonising the power system.

India sees hydro power one of the renewable sources of energy as key in its

transition away from coal to help manage the fluctuations caused by intermittent solar and wind supplies. Recently, government has approved the estimated investment of USD 3.9 bn for the 2,880-megawatt Dibang project in Arunachal Pradesh

Market Potential - Wind Energy

Wind is estimated to be one of the predominant sources of power generation in the Net Zero Emissions by 2050 scenario, provided there are significant capacity additions till 2030 in order to

be on track with the Net Zero pathway

Opportunity for MTAR

MTAR is catering to customers such as Andritz, Voith, GE Power, among other by supplying complex fabricated products including draft tubes, spiral casings etc. The company is also in discussion with companies such as Enercon, Regen Power in Wind Energy for various products including rotar and stator assemblies

Source: industry, Economic Times

Divisional Review

Space



Indian Space Industry Market Potential

India's space program has earned world-wide recognition for launching lunar probes, building satellites, ferrying foreign satellites up and has even succeeded in reaching Mars and stands out as one of the most cost-effective in the world.

Indian space sector, valued at \$9.6 billion in 2020, contributes only about 2% of the global space economy of about \$470 billion. It targets to reach \$13 billion by 2025 and, further, aims by 2030 to capture about 10% of the global space economy i.e., a four to five-fold growth in the next 5 to 6 years. However, the growth could be much higher than the target set and experts opine that the global space economy could well be \$1 trillion in the next few years

In June 2022, PSLV-C53 launched three satellites DS-EO satellite, NeuSAR satellite, and SCOOB-I satellite, which was the second dedicated commercial mission of NewSpace India Limited (NSIL). In October 2022, LVM3 in its first commercial launch placed 36 satellites of OneWeb in their intended orbits, one of the biggest commercial orders executed by ISRO that has enhanced its reputation in global market. In March 2023, ISRO has taken up the second launch for One Web through LVM 3 to place another constellation of 36 satellites in the orbit. With two successful commercial launches of LVM3 for One Web, through the New Space India Ltd, ISRO is confident of handling many more such launches on demand for both LEO and GEO mission in the future.

Prestigious Missions in Pipeline

ISRO has geared up to launch Chandrayaan-3 in July 2023, a follow-on mission to Chandrayaan-2 to demonstrate end-to-end capability in safe landing and roving on the lunar surface. It consists of the Lander and Rover configuration. While the orbiter is devoid of all those payloads that are there in Chandrayaan-2, it will have only a little bit of payload. The primary objective of Chandrayaan 3 is to take the lander to the orbit of the moon and make it land

ISRO wants to Launch Aditya L1, India's first solar mission, by the August 2023. Aditya L1 is very unique solar observation capability that ISRO is building for which instruments have already been delivered, and ISRO is in the process of integrating them in the satellite. The mission will be launched using PSLV rocket. Similar to Chandrayaan missions, the spacecraft shall be placed in a low earth orbit and, subsequently, the orbit shall be made more elliptical and launched towards L1 using on-board propulsion. The spacecraft exit earth's gravitational sphere of influence as it travels towards L1. From here, the cruise phase will start and the spacecraft will be injected into a large halo orbit around L1. The total travel time from launch to L1 would take about four months.

Success of complex missions like Chandrayaan 3, Aditya L1 will further

enhance the reputation of ISRO in the international Space community, and enables it to attract wider set of international customers for commercial launches.

Small Satellite Launch Vehicle Market

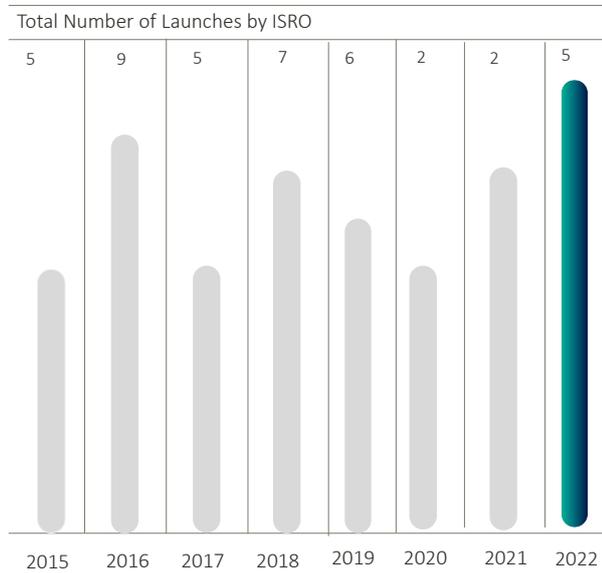
To capture the lucrative small satellite launching market, ISRO has developed a Small Satellite Launch Vehicle (SSLV) with a view to transfer the technology to the industry and has successfully tested the technology in second developmental flight. And the technology will be transferred to the industry after successful qualification.

The rising demand for smaller satellites is expected to increase satellite manufacturing in the nation and attract international start-ups to the sector to help incubate space tech enterprises here. Indian space launch eco system is expected to get a boost due to the government's positive step towards the inclusion of private players in the Indian space ecosystem. The launch services segment that was pegged at USD 600 million in 2020 is projected to grow at a CAGR of 13 per cent to reach USD 1 billion by 2025. The availability of low-cost satellite launch vehicles coupled with mass production will lead to demand from customers around the world. Indian private companies are working towards capturing the space industry by using innovative technologies

Indian space equipment market (Rs billion) by type, for FY17-FY25P

Segment	CAGR (FY17-FY21)	CAGR (FY21-FY25P)
Satellite	-7.5%	6.0 – 7.0%
Launch systems	-26.5%	10.0 – 11.0%

Source: ISRO, CRISIL Research

Launches

Launches by PSLV & GSLV

Year	No of PSLV Launches	No of GSLV Launches
2015	4	1
2016	6	1
2017	3	2
2018	4	3
2019	5	1
2021	1	1
2022	5	Nil

Privatisation of Space

Government of India intends to enable and promote Non-Governmental Entities and enable them to contribute to development of Indian Space eco system. Government policies are aimed at allowing Indian private players to become independent actors in the space sector instead of being solely vendors or suppliers to the government programs.

To facilitate private sector participation, the government has created the Indian National Space Promotion and Authorization Centre (IN-SPACe), as a single window, independent, nodal agency under Department of Space. The main mandate of IN-SPACe is to promote and enhance the role of Non-Government Entities (NGEs) in the space sector through hand holding, support, and by providing them with a level playing field. It will also authorize the use of ISRO facilities by private companies, development of Indian satellite systems, and launch of rockets/ vehicles developed by the private sector.

Currently, the following Support is being rendered from IN-SPACe to all the private entities

1. Building Launch Vehicles and Satellites
2. Sharing of ISRO facilities
3. Establishment of facilities in Department of Space premises
4. Mentorship, Evaluation & consultancy
5. Launch campaign & launch

6. Customization & Delivering of sub-systems packages to NGEs
7. Space based services

This has encouraged private players to involve in manufacturing of launch vehicles, satellites and provide launch services. These developments might take medium to long term in order to fully materialise.

Going forward, ISRO shall solely focus on development of new technologies, its ambitious exploration and human spaceflight missions.

Competitive landscape of space industry

Indian Space industry is marked with high entry barriers as working with Space technologies entails advanced technological capabilities, skilled talent pool, manufacturing prowess, quality assurance, reliability and state of the art production facilities. As a result, the supplier ecosystem of ISRO has very few major players, with each operating in a niche monopolistic segment of precision equipment manufacturing. However, recently many start ups have emerged in Launch Vehicle space because of the opportunities due to commercialization of Space

Opportunity for MTAR

MTAR has been associated with ISRO from 1983. The company has been a trusted partner to ISRO for the past four decades. It has proven capabilities in manufacturing high-tech products for PSLV, and GSLV like liquid propulsion rocket engines (Vikas Engine for PSLV), cryogenic engine sub systems, electro pneumatic modules etc.; these products shall be used in the LVM 3 and PSLV for the upcoming Chandrayaan 3 and Aditya L1 missions. The Company is also manufacturing critical structure like grid fin for Gaganyaan mission.

Increase in launches from ISRO due to success of commercial launches over the coming years is expected to provide increased inflow of orders to MTAR. Furthermore, the company intends to increase its wallet share. o address opportunities including motor casings, light alloy structures and thrust chambers through our new sheet metal facility.

MTAR is working on the design and development of Two Stage to Low Earth Orbit Small Satellite Launch vehicle- Garuda 1. The Company shall be developing 100 ton and 10 ton all liquid engines in-house. It has forged an MOU with IN-SPACe to take the support of ISRO in various areas including Avionics, Navigation Guidance & Control Systems, marketing etc.

Source: ISRO, Economic Times

Key Products being supplied by MTAR

- Vikas Engines
- Cryogenic Upper Engine assemblies including Turbo Pump, Booster Pump and Gas Generator
- Satellite Valve
- Structures for Gaganyaan

Key Products under development

- Semi Cryo Engine
- Small Satellite Launch Vehicle
- Initiated discussions

Divisional Review

Defence



The Indian Defence sector, the second largest armed force is at the cusp of revolution amidst the efforts by the Government to enable India achieve self-reliance. Defence and Aerospace sector was identified as a focus area for the 'Aatmanirbhar Bharat' or Self-Reliant India initiative, with a formidable push on the establishment of indigenous manufacturing infrastructure supported by a required research and development ecosystem

India is positioned as the 3rd largest military spender in the world, with its defence budget accounting for 2.15% of the country's total GDP. Over the next 5-7 years, the Government of India plans to spend \$ 130 Bn for

Key Products

Magnesium Gear Boxes for Helicopters
Actuation Systems
Aerostructures

fleet modernisation across all armed services. Indian Defence industry gets INR 5.94 lakh crore in Budget 2023-24, a jump of 13% over previous year. Government of India aims to triple the value of India's annual defence exports to \$5 billion over the next two years. To this end, the government has been making diplomatic efforts to export the Tejas.

Recently, General Electric Co's GE Aerospace signed an MoU with Hindustan Aeronautics Limited (HAL), the maker of LCA Tejas MK1, to jointly produce in India the fighter jet engine, GE414. The GE414 engines will be used for the LCA Tejas Mk2, but also for the future Twin Engine Based Fighter (TEDBF) and the Advanced

Medium Combat Aircraft (AMCA) Mk1 projects. The deal between GE Aerospace and HAL, will aid in Government's effort to triple the exports and give India's defence ecosystem a much needed boost

MTAR's Contribution to Defence

MTAR is present in the niche areas of Defence. We have supplied 5 ton and 10 ton actuators to LCA Tejas program. The Company has successfully delivered the first articles of roller screws that are currently being imported from Rollviz Sweden. The company shall be executing Rs. 80 Mn worth of electro-mechanical actuators. However, the Company's presence is limited to niche areas and over the past five years the revenues from Defence are less than 5% of the total revenue from operations

Source: Economic Times, CRISIL Research

Opportunities and threats

Clean Energy Civil nuclear: Nearly Rs. 5000 Mn orders expected from Kaiga 5&6 reactors that shall be outsourced to a private player. In addition, there will be order inflows from fleet reactors over the coming years. The orders from new reactors along with coupled reactor refurbishment opportunities could result in unprecedented growth of the domestic industry. Civil Nuclear power is marked with high entry barriers stringent qualification criteria that could provide incumbents an edge over others. The company has approximately 20- 25% equipment share in each nuclear reactor; the Company is expected to capitalise on increased orders (could be delayed by some quarters on account external uncertainties). MTAR has received Rs. 1350 Mn Cr of orders from fleet reactors

Clean Energy Fuel cells: Global governments are driving the transition to a low carbon economy. Fuel cells are efficient

energy sources; global fuel cell market is expected to post a CAGR of 30%- 35% over the next 10 years that translates into healthy growth for MTAR, strengthening the Company's revenues. In addition, the market for electrolysers is expected witness a significant ramp up that shall further contribute to the top line. MTAR has been adding new products in Clean Energy - Fuel Cells division to increase its wallet share with its clients; supplied new products such as sheet metal assemblies, enclosures, ASP assemblies in FY 2022-23. Increase in volumes for existing products and addition of new products shall enhance the topline in this vertical.

The Company is supplying critical fabricated structures for Hydel and Waste to Energy sectors. In addition, MTAR has also initiated discussions with players in Battery Storage systems, Energy Storage systems and Wind Energy

Space: Increased launches from ISRO amidst the success of recent commercial launches done for the companies like One Web

could enhance order volumes for the Company. Our sheet metal facility enables us to address new opportunities such as motor casings, thrust chambers and light alloy structures, including others. The Company is also keen to tap the massive opportunity available due to privatisation of Space, forged an MoU with IN-SPACE for design and system realisation of Small Satellite Launch Vehicle

Defence: MTAR is catering to niche opportunities in Defence. Domestic Defence eco system is witnessing an accelerated growth due push by Government of India on Atmanirbhar Bharat initiative.

Any slow down in the industry growth in sectors of our presence might impact our revenues due to reduced order inflows from our customers, which could be a major threat to us

Company overview

Incorporated as a Company in 1999, MTAR Technologies has emerged as a respected player in India's precision engineering industry. The Company is engaged in the manufacture of mission critical precision engineered systems for Clean Energy- Civil Nuclear Power. The Company emerged as

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

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

Segment wise or product wise performance

MTAR does not operate in the manner of different business segments. However, we do measure revenues based on various customer segments. Revenue from export stands at 79% of

total revenue from operations in FY 2022-23 as against 61% of total revenue from operations in FY 2021-22. Revenue from domestic stands at 21% of total revenue from operations in

FY 2022-23 as against 39.0% of total revenue from operations in FY 2021-22. Clean energy has witnessed a significant growth in the year under review

Sector	Revenue generated from customers in FY 2022 - 23 (Rs. Mn)	Revenue generated from customers in FY 2021 - 22 (Rs. Mn)
Clean Energy- Civil Nuclear Power	438.01	457.00
Clean Energy- Fuel Cells & Others	4,417.20	2,016.00
Space	494.05	482.66
Defence	151.13	81.34
Products and Others	233.08	183.06
Total	5,733.47	3,220.06

Financial overview

Analysis of the profit and loss statement

Revenues: Revenues from operations reported a 78.05 % growth from Rs. 3,220.06 Mn in FY 2021-22 to reach Rs. 5,733.47 Mn in FY 2022-23. Other income of the Company accounted for a 3.44% share of the revenues reflecting the Company's dependence on its core business operations.

Expenses: Total expenses increased by 81.93% from Rs. 2,485.32 Mn in FY 2021-22 to Rs. 4,521.58 Mn due to the increased scale of operations. Cost of materials consumed, accounting for 54.89% share of the Company's revenues, increased by 6.01% from Rs. 1,574.05 Mn in 2021-22 to Rs. 3,147.23 Mn in FY 2022-23 owing to an increase in the operational scale of export revenues. Employees expenses, accounting for a 16.11 % share of the Company's revenues, decreased by 5.87% from Rs. 707.77 Mn in 2021-22 to Rs. 923.63 Mn in FY 2022-23. Finance costs of the Company increased by 118.11% from Rs. 66.49 Mn in 2021-22 to Rs. 145.02 Mn in FY 2022-23. Increase in finance costs was due to increase in term loans and working capital loans.

Analysis of the Balance Sheet

Sources of funds

The Equity capital employed by the Company increased by 19.44% from Rs. 5,197.64 Mn as on March 31, 2022 to Rs. 6,208.12 Mn as on March 31, 2023. Long term borrowing increased by 115.66% from Rs.487.25 Mn as on March 31, 2022 to Rs. 1,050.82 Mn as on March 31, 2023.

(Including Current maturity of long-term borrowings) due to Investment in New Capex. Return on capital employed, a measurement of returns derived from every rupee invested in the business, increased by 44% from 13.88% in 2021-22 to 19.96% in FY 2022-23 due to increase in profit on account of increase in overall operations.

Applications of funds

Fixed assets (gross) of the Company primarily increased by 37.47% from Rs. 2,669.88 Mn as on March 31, 2022 to Rs. 3,670.37 Mn as on March 31, 2023 owing to an increase in Capex for our sheet metal and specialised fabrication facilities at Adibatla. Depreciation on tangible assets increased by 27.91% from Rs. 137.96 Mn in 2021-22 to Rs. 176.47 Mn in FY 2022-23 owing to an increase in fixed assets during the year under review.

Working capital management

Current liabilities of the Company increased by 84.98% from Rs. 1,653.51 Mn as on March 31, 2022 to Rs. 3,407.75 Mn as on March 31, 2023, due to increase in trade payables and advance received from customers. The Current Ratio of the Company stood at 2.04 at the close of FY 2022-23 compared to 2.80 at the close of 2021-22. Inventories including raw materials, work-in-progress and finished goods, among others, increased by 126.62% from Rs. 1,703.16 Mn as on March 31, 2022 to Rs. 3,859.67 Mn as on March 31, 2023

owing to an increasing scale of operations resulted in increased stock of raw materials and work in progress. The inventory cycle increased from 193 days of turnover equivalent in 2021-22 to 246 days of turnover equivalent in FY 2022-23. Growing business volumes resulted in an increase of 53.04 % in trade receivables from Rs. 1,359.84 Mn as on March 31, 2022 to Rs. 2,081.16 Mn as on March 31, 2023. All receivables were secured and considered good and 90% of receivables are not overdue. The Company contained its debtor's turnover cycle within 132 days of turnover equivalent in FY 2022-23 compared to 154 days in 2021-22. Cash and bank balances of the Company decreased from Rs. 669.24.00 Mn as on March 31, 2022 to Rs. 309.81 Mn as on March 31, 2023.

Invested Rs. 274.74 Mn in mutual funds for immediate strategic initiatives. Other Current Assets increased by 82.33% from Rs. 209.70 Mn as on March 31, 2022 to Rs. 382.35 Mn on account of increased balances recoverable from government authorities and advances payable to suppliers.

Margins

The EBITDA margin of the Company reduced from 29.33% in 2021-22 to 26.85% while net profit margin of the Company reduced by 75 basis points.

Key Ratios

Particulars	2022-23	2021-22	Remarks
Debtor's turnover ratio	3.27	3.02	Our debtors turnover ratio has witnessed improvement due company continuous effort in collecting receivable before due date..
Inventory turnover ratio	1.13	0.85	Increase in ratio is due to purchase of inventory for ongoing projects.

Particulars	2022-23	2021-22	Remarks
Interest coverage ratio	10.72	13.37	Company is having healthy margins to cover the interest expenses which is approximately by 10 times the interest cost. Interest coverage of company is decreased compared with last year due to Increase in term loan interest expenses.
Current ratio	2.04	2.80	The current ratio of company reduced due to Increase in trade payables and Increase in Advance from Cutomers.
Debt-equity ratio	0.23	0.18	Increase in ratio is due to new term loans obtained for procurement of property, plant and equipment.
Operating profit margin (%)	27.10%	27.60%	Our operating margin has seen reduced slightly in FY 2022-23 compared with last year due to Increase in Employee benefit expenses and Operational cost
Net profit margin (%)	18.49%	18.91%	Our net profit margin decreased slightly compared with last year due to Increase in finance cost.
Return on Net worth	18.25%	12.22%	Our RoNW increased 49% compared with last year.

Risks and concerns

At MTAR we believe that the risk, the manifestation of business uncertainty affecting corporate performance and prospects, is an integral part of business. Accordingly, the company identifies various risk through its enterprise risk management system,

Majority of the company's revenue is derived from few customers, that could hinder our revenues in case we lose business from these customers

Also, our increasing working capital requirement could pose a threat to our liquidity, affecting our cash flows. In addition, any delays in supply chain while importing specialised raw material could disturb our production lines, thereby impacting our revenues

However, the Company follows a comprehensive enterprise risk management systems, which is integrated with its operations.

We have constituted a board risk management committee, apex risk management committee and functional risk management committee to manage risks at various levels.

This enables it to identify, categorize and prioritize operational, financial and strategic business risks. The company is working on adding lot of new customers, reducing working capital days and diversifying its vendor base to address the above identified risks; MTAR continues to spend significant time, effort and human resources to manage and mitigate such risks

Internal control systems and their adequacy

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

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

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

Information Technology

The Company undertook upgradation of technology in relation to customer order management and dispatches, production planning and reporting, manufacturing processes, financial accounting and scheduling raw material purchase. We have carried out necessary upgrades in our ERP system encompassing the requirements from all business functions including production, finance, sales, manufacturing processes, storage and warehousing, inventory and human resource management to have a greater control over the business.

Our facilities at Adibatla, Unit 2 and EOU have been certified for ISO 27001:2013 Information Security Management System.

MTAR has further increased its investments in shop floor automation to reduce the cycle time and enhance productivity by addressing product life cycle bottlenecks.

The company shall continue to focus on investments in IT systems and processes, including backup systems, to improve

operational efficiency, customer service, decision-making and reduce manual intervention and risks of system failures and negative impacts these failures may have on the business, improving reliability of operations.

Human Resources

The Company has enhanced its manpower to cater to future growth. We have taken up salary correction in Q4 FY 2022-23 apart from regular increments to ensure our employees who are backbone of our growth are fairly compensated as per the industry standards. As on March 31, 2023, the Company 603 staff and 952 workmen (including on and off rolls) and 1010 third party contractors.

The company with a modest attrition rate of 8.5%

The Company's personnel policies were aimed at recruiting talent, facilitating their integration into the Company, encouraging the development of skillsets and creating a mutually beneficial relationship to support performance and growth

The Company's industrial relations were amicable. The Company had two recognised labour unions, with registration numbers. There is no labour unrest in the past eight years.

Particulars	FY 2022 - 23	FY 2021- 22
Staff, including on and off the rolls	603	476
Workmen including on and off the rolls	952	742
Third party contractors	1010	522
Total	2565	1740

Disclosure of Accounting Treatment

During the preparation of the financial statement of FY 2022-23 the treatment, as prescribed in an Accounting Standard,

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

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

Cautionary statement

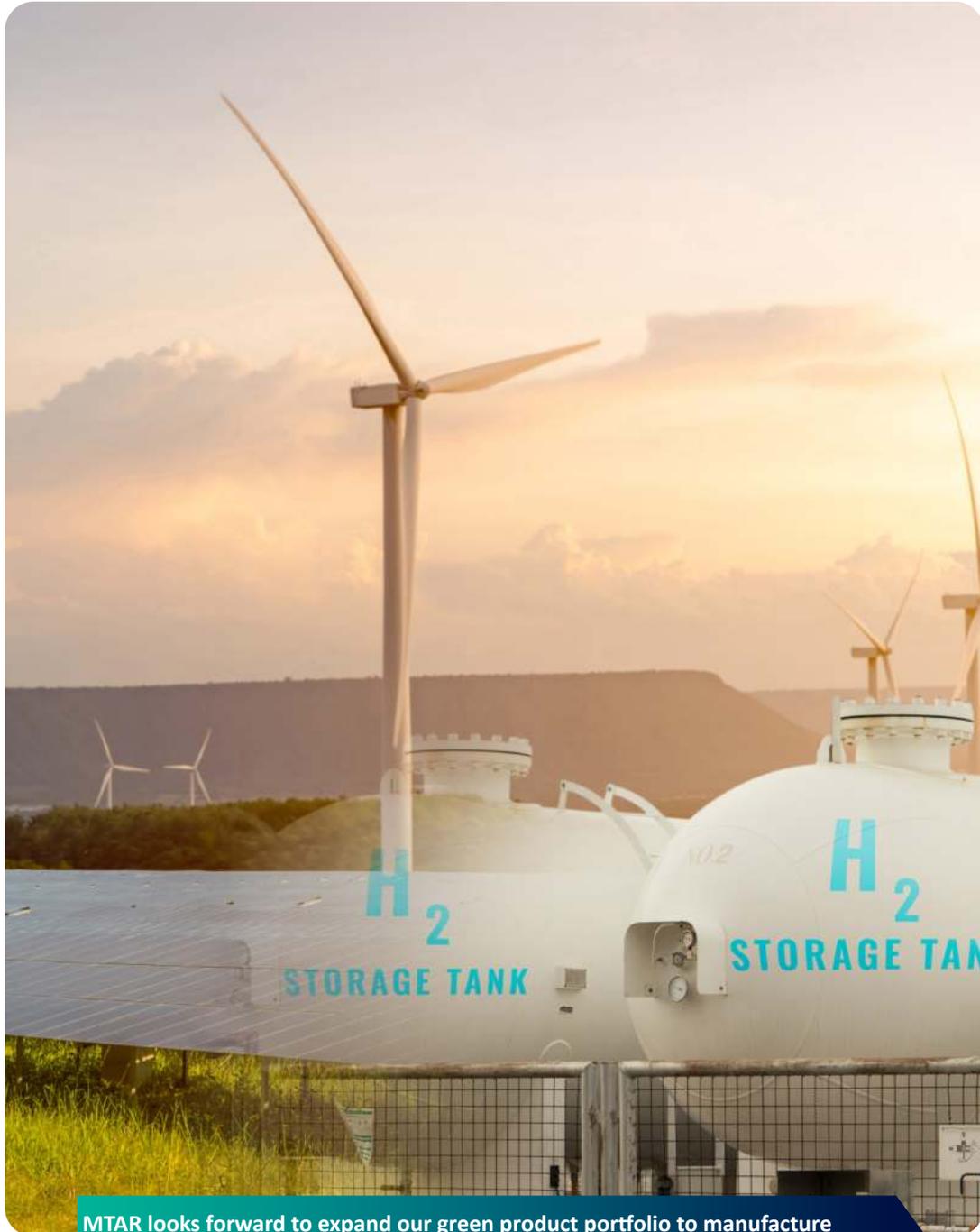
This statement made in this section describes the Company's objectives,

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

statements' within the meaning of applicable securities laws and regulations

Making ESG an integral part of our business

MTAR envisions to be 100% ESG complaint for a sustainable future; Nearly 85% of the Company's revenue is derived from manufacturing climate positive products in FY 2022-23



MTAR looks forward to expand our green product portfolio to manufacture climate positive products

Our ESG Outlook

At MTAR, we believe companies have a key role to play in driving the global transition to a low-carbon economy, improving workplaces and gender representation, and improving governance. Viewing our long-term business model through a comprehensive ESG lens is essential

Progressive and proactive ESG policies enable a sustainable business growth, thereby enhancing value to all the stakeholders including investors, customers, employees, suppliers and wider communities.

A comprehensive ESG framework links to the cashflows in five important ways:

1. Facilitating top-line growth
2. Reducing costs
3. Minimising regulatory and legal interventions
4. Increasing employee productivity
5. Optimising investment and capital expenditure

SI No	Factor	How a strong ESG proposition could help
1	Top-line growth	<ul style="list-style-type: none"> • Helps to tap new markets and expand into existing ones • Enhance the customer base with sustainable products • Provides better access to resources through stronger community and government relations
2	Cost Reductions	<ul style="list-style-type: none"> • Low energy consumption helps in reducing the operational costs
3	Minimising Regulatory & Legal interventions	<ul style="list-style-type: none"> • Achieve greater strategic freedom through deregulation • Provides access to subsidies and government support
4	Increasing employee productivity	<ul style="list-style-type: none"> • Increases employee motivation • Enables to attract talent through greater social credibility
5	Optimising investment and capital expenditure	<ul style="list-style-type: none"> • Enhance investment returns through a better capital allocation towards sustainable plant and equipment helps in avoiding investments that may not pay off because of longer-term environmental issues

To achieve sustainable business growth the Company is committed to conducting its business by integrating environmental, social and governance (“ESG”) factors into its investment decisions and operational processes

Our Environment Commitment

In any business a decision that has positive impact on environment leads to better investment outcomes and increased wellbeing of our stakeholders and society at large. MTAR intends to continuously improve the environmental impact of our business by manufacturing climate positive products and by making our operational processes more sustainable

Over the years we have strategized to grow our clean energy segment significantly to enhance our green

product portfolio that contributes in a small way to global transition into low carbon economy. Nearly 85% of our revenues in FY 2022-23 are derived from clean energy segment including civil nuclear power and fuel cells. In addition, we are in discussions with several other customers in Clean Energy. The Company has a substantial potential to benefit through the growth of low-carbon products and services

To reduce our energy consumption and

improve the sustainability of our operational processes we have installed solar rooftops at Unit 2 and EOU, which is expected to reduce our energy consumption significantly. The Company is the process of installing solar rooftops at Unit 3 and Adibatla

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

Revenue as % of total revenue from operation	FY 19	FY 20	FY 21	FY 2021-22	FY 2022-23
Clean Energy – Fuel Cells & Hydel, and others	61.41%	64.34%	49.79%	62.61%	77.04%
Clean Energy – Civil nuclear Power	13.04%	12.17%	22.43%	14.19%	7.64%
Total	74.46%	76.51%	72.22%	76.80%	84.68%

Our Social Commitment

MTAR believes that ability to maintain healthy, positive, fair, and ethical relationships with all the stakeholders including employees, customers, suppliers, and communities promotes business growth and competitiveness



MTAR is working on increasing the number of women in the organisation to promote gender diversity, equity and inclusion

Diversity, Equity and inclusion

The Company policies are framed in such a way to promote diversity, equity and inclusion among the employees. We believe in an inclusive growth and provide equal opportunities to everyone. However, due to inherent nature of manufacturing sector, the gender gap is wider inspite of conducive policies. The Company is placing additional efforts to increase the number of women in the organisation.

Customers

MTAR is known for exceptional quality of products it, which enabled it to develop a long standing relationships with all its primary customers. The Company acts as a strategic partner to its primary customers. We regularly obtain feedback from our customers to improve the quality of our products further

Employee Welfare and Training

At MTAR, we have been recognised for a culture of excellence, marked by high people retention, knowledge-enhancing workplace, extension of one’s workplace to the large exercise of nation-building, and talent investments including recruitment, retention and training) Our policy on Environment, Health and Safety emphasizes a safe and healthy work environment for employees.

Vendor Development

The Company is known for prompt payments among its vendors. It believes in the empowerment of local vendors; nearly 30% of our raw material is procured from local vendors. We also organise training sessions to our vendors to raise awareness on various technical and sustainability issues

Our facilities at Adibatla, Unit 2 and EOU have been certified for ISO 45001:2018 Occupational Health and Safety. The Company also measures the employee satisfaction index with the most recent annual measurement being 86.0% with a net promoter score of 24. The result of our best-in-class talent management practices have been high people retention with an average attrition rate of 8.5% over the last few years



Promoting cultural heritage by encouraging arts



Supporting the underprivileged for a more equitable society`

Community Impact

MTAR has allocated Rs. 11.70 Mn funds in FY 2022-23 towards various CSR initiatives including education & skill development, health, eradication of poverty and promotion of cultural heritage. The company has adopted two schools near Adibatla and Nadargul to enhance the infrastructural facilities

MTAR believes that equitable and inclusive growth is essential for the growth of any economy. Hence, the company strives to create a positive impact on the society through its various CSR initiatives. Specifically the company looks forward to contribute to education & skill development to groom the young talent for building tomorrow's India.

Our Governance Commitment

Our governance component ensures ethical and anti-corruption practices, compliance, transparency, and commitment to shareholder and voter rights

Board of directors

Board of Directors at MTAR, our strategic direction is influenced by our Board of Directors, who comprise of professionals and technologists of standing. Of our ten Directors, five are independent including two technologists from Civil Nuclear, Space and Defence sectors.

We have passed a resolution to reappoint our Independent directors for a five year term. and rest of the directors are appointed on rotation basis. Appointment and removal of directors is under board's purview as per the Companies Act, 2013



Investors

The Company organises quarterly earnings call and provides a broad annual revenue guidance. We regularly interact with analyst community and maintain transparency with them about our ongoing business

Executive Compensation

Remuneration to directors, key management personnel and senior management including fixed and incentive pay is determined by NRC committee, which ensures the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate senior executives of the quality required to run the Company successfully

Code of conduct

The Code of Conduct of the Company enshrines policies relating to ethics, bribery and corruption. The policy covers our employees and all stakeholders including board of directors, our wholly owned subsidiary, suppliers, contractors and business partners. The company regularly organises code of conduct training to all the stakeholders

Dividend policy

As per our current approved dividend policy not exceeding 35% of the annual standalone net profits of the Company (Profit After Tax) can be given at any point of time

Cyber Security

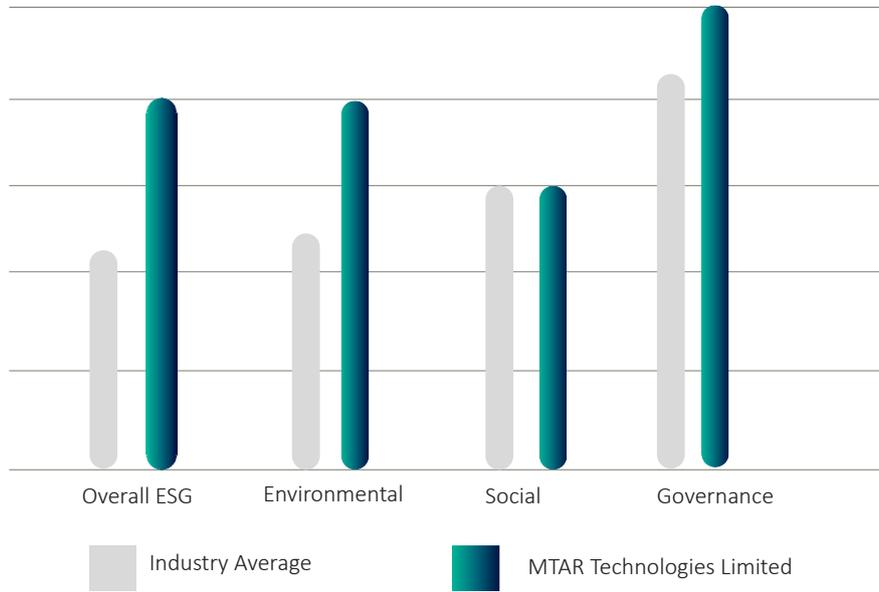
The Code of Conduct of the Company enshrines policies relating to ethics, bribery and corruption. The policy covers our employees and all stakeholders including board of directors, our wholly owned subsidiary, suppliers, contractors and business partners. The company regularly trainin

ESG Rating

MTAR has been rated as 2- "good" on a 5 rating scale by Dun & Bradstreet (D&B) for the company's practices on environmental, social and governance aspects

1 - Very Good

5 - Very Poor



ESG rankings compared to companies in similar industry according to Sustainable Industry Classification System[®]

Environmental Ranking



Environmental Ranking



Social Ranking

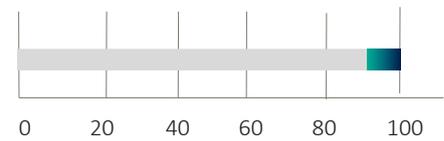


Governance Ranking

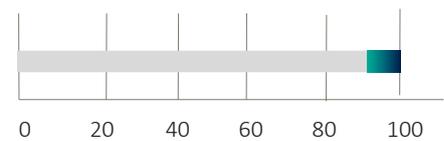


Peer Percentile

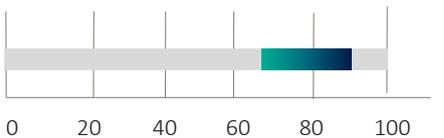
91 to 100



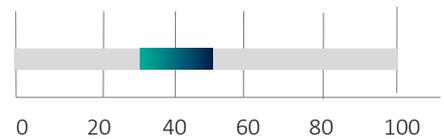
91 to 100



71 to 90



31 to 50



At MTAR, we use Enterprise Risk Management framework to identify, evaluate, report and mitigate risks



Overview

Businesses operate in a volatile environment surrounded by constant uncertainties, one needs to prepare for an uncertain and volatile future that includes technological disruption, geopolitical risk, threats to the global supply chain, climate change, data security etc.

Carrying out business operations in a seamless way specifically in an increasingly volatile and complex business environment calls for proactive, integrated enterprise risk management solutions encompassing people, data and infrastructure. Anticipating, prioritising and mitigating risk enables to build a sustainable business in long-term.

Enterprise Risk Management System

At MTAR, we have a Enterprise Risk Management system to assess, and identify significant threats to business and prioritize risk response strategies

The company has constituted a risk management committee at the board level to identify systematically about the multiple categories of risks the Company could be exposed to so that we can institute appropriate risk mitigation processes for each that could neutralise the managerial bias of envisioning a scenario as we would like it to be rather than as it actually is or could possibly become.

The corporate policy (and in effect our ability to manage organisational risk) is framed by our Board of Directors, comprising esteemed professionals with decades of industry experience to ensure a sustainable business growth. The Company's governance principles, including overall risk tolerance, are directed by the Board of Directors. Apart from risk management committee, our Board is assisted by various committees with specific functions

Risk Management Hierarchy

MTAR has a three tier risk management committee structure to activate a response that is agile, improvisational, and iterative to manage strategic, financial, operational and compliance risks

Committee	Roles & Responsibilities
Board Risk Management Committee	<ul style="list-style-type: none"> Assessment of strategic risks Summary review of operational, financial and compliance risks
Apex Risk Management Committee	<ul style="list-style-type: none"> Assessment of Strategic risks Assessment of financial risks Summary review of operational and compliance risks
Functional Risk Management Committee	<ul style="list-style-type: none"> Review of operational and compliance risks of respective functions

Customer Concentration Risk

More than 75% of our revenue is derived from Bloom Energy and in case of any event of loss of business, our revenues could be impacted adversely, which may lead to a significant impact on our financial condition and cash flows.

MTAR acts as a strategic partner to its customers. There has been no instance of prominent customer attrition though proportions in revenues from a customer could vary as per the market conditions. In addition, Clean Energy- Solid Oxide fuel Cells is witnessing growth rate at 30%- 35%, CAGR that shields us from uncertainties. The Company also closely tracks the business growth and industry trends of its prominent customer and redirects its strategy to mitigate the risk. Also, all our assets are mostly fungible across various sectors and we can cater to other customers as well.

The company has added several new customers that have potential to turn into key strategic accounts 3-4 years down the line.



MTAR uses Enterprise Risk Management Framework to assess and address financial, and governance risks

Supply Chain risk

We source majority of raw materials from the third party suppliers except for few materials that are issued by the customer. Raw material supply and pricing can be volatile due to a number of factors beyond our control, including global demand and supply, general economic and political conditions, transportation and labour costs, labour unrest, natural disasters, restrictions on the import of raw material, competition, import duties, tariffs and currency exchange rates and there are inherent uncertainties in estimating such variables, regardless of the methodologies and assumptions that we may use. For instance, failure of our suppliers to adhere to the delivery schedule or the required quality could hamper our production schedule and therefore affect our business and results of operations. However, the Company procures the raw material well ahead of time and maintains a diversified supplier base spread across geographies to navigate through supply chain disruptions. We have increased our inventory levels during COVID 19 pandemic and Russia Ukraine crisis to insulate our business operations from supply chain disruptions

Working Capital Management

As the company is witnessing an accelerated growth, our working capital requirements are increasing. Our future working capital requirements may differ from estimates as a result of, among other factors, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, engineering design changes, weather related delays, technological changes and additional market developments.

Our working capital requirements may increase if there is an increase in receivable days and inventory days. Our net working capital days as on 31st March 2023 stands at 230 days as against 275 days as on 31st March 2022. There was a reduction in our receivable days in FY 2022-23 as the supply chains started to streamline. However, our inventory days have increased due to procurement of material ahead of time for new product development activities. However, the company target to reduce NWC in FY 24 to lower than 200 days

Forex Volatility risk

Nearly 79% of our revenue is derived from customers outside India because of which the Company transacts in foreign currencies primarily USD. Appreciation or depreciation of the Indian rupee against the U.S. Dollar and other foreign currencies may affect our results of operations. Our exports are greater than imports, moderating the forex fluctuation risk.

Our treasury team has set up a hedging policy in place to hedge an amount to certain extent in FY 2023-24

Labour Unrest Risk

Our manufacturing activities are labour intensive, require our management to undertake significant labour interface, and expose us to the risk of industrial action. We are also subject to a number of stringent labour laws that protect the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes financial obligations on employers upon retrenchment.

The Company has flexible human resource policies to adapt to the changing requirements and has maintained amicable relations with the workmen so far. MTAR believes that its employees are primary reason for the company's growth and has taken up salary corrections in Q4 FY 2022-23

Security System Risk

Disruption or failure of our IT systems could have significant effect on our operations. A large-scale IT malfunction could disrupt our business or lead to disclosure of sensitive Company information, particularly since our Company caters to sectors such as nuclear and space and defence, which are of national importance and involve dealing in highly sensitive information). In addition, it is possible that a malfunction of our data system security measures could enable unauthorized persons to access sensitive business data, including information relating to our intellectual property or business strategy or those of our customers. The Company has systems in place for continuous monitoring of preventive, detective, and corrective security controls to protect information assets from compromise or to limit the damage to the organization should a compromise occur.

Expansion Risk

MTAR has is working on the development of new products like Small Satellite Launch Vehicle, cable harnessing assemblies, electro-mechanical actuation systems etc. Introduction of new products across different sectors, enhancing our current capabilities, pushing the existing products into new markets might have unanticipated results, affecting investments. The Company had moderated this risk through the technical know-how gained by it over the past five decades. Since inception, we have developed a culture to train our team on a regular basis in new technologies, and recruit seasoned professionals with vast experience while extending our business in a new direction that enabled us to develop new products consistently. As a result, each expansion has been marked by a low learning curve and quicker revenues accretion, strengthening the overall competitiveness.

Talent Management Risk

MTAR operates in a niche engineering space across diversified sectors that demands highly specialised knowledge, which makes the Company dependent on its Promoters, Directors, senior management and other key managerial personnel, including skilled project management personnel. The loss of any of its Promoters, Directors, senior management and other key managerial personnel or an inability to manage the attrition levels in different employee categories may significantly impact our business, growth prospects, results of operations and cash flows. We face competition to recruit and retain skilled and professionally qualified staff. Due to the limited availability of skilled personnel, competition for senior management and skilled engineers in our industry is intense. We may experience difficulties in attracting, recruiting and retaining an appropriate number of managers and engineers for our business needs, which might call for an increase in our pay structures to attract and retain such personnel. The Company has policies in place for an effective talent management, provides fair compensation packages, and ample opportunities for the professionals to grow up the ladder. Historically, the Company has witnessed a very low attrition rate.

Environment Health and Safety

Environmental laws and regulations in India have been increasing in stringency and it is possible that they will become significantly more stringent in the future. Stricter laws and regulations, or stricter interpretation of the existing laws and regulations, may impose new liabilities on us or result in the need for additional investment and management's time which could impact our business, financial condition or prospects. Furthermore, poor awareness and adherence to safety standards can impact people safety and production. The Company takes all the necessary measure to adhere to regulatory norms of environments, monitor the safety standards across all the units and imparts safety & environment related trainings to its employees on a regular basis

Break down of critical equipment

More than 60% of our revenue is derived the mass production of the products. Breakdown of critical equipment could impact the business significantly especially in mass production where failure to deliver the products on time could divert the order to the competitors. In addition, many of these equipment demand international service support, with long lead times, which could affect our delivery schedule. The Company has enough spare capacity to address the breakdown issues and undertakes preventive maintenance on a regular basis

Board of Directors



Subbu Venkata Rama Behara

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



Parvat Srinivas Reddy

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



Praveen Kumar Reddy Akepati

Mr. Praveen Kumar Reddy Akepati is an Executive Director on the Board of our Company. He holds a bachelor's degree in electronics and communication engineering from the Faculty of Engineering, Andhra University. Prior to becoming a Director of our Company, he was associated with our Company for over 19 years, and has previously served as our vice president of projects. Currently, he heads business development function in the company



Anushman Reddy Mitta

Mr. Anushman Reddy Mitta is an Executive Director on the board of our company. He is responsible for heading exports and supply chain divisions in MTAR; instrumental in growing exports vertical in the Company. He has nearly nine years of experience in manufacturing and worked in global organisations including AeroVironment.



Venkatasathishkumar Reddy G

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


Udaymitra Chandrakant Muktibodh

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


Krishna Kumar Aravamudan

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


Gnana Sekaran Venkatasamy

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


Ameeta Chatterjee

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

MANAGEMENT COUNCIL



Parvat Srinivas Reddy,
Managing Director



Gunneswara Rao Pusalra, CFO



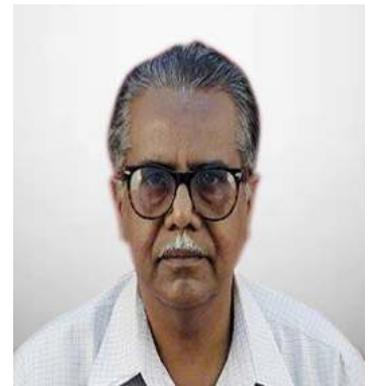
Raja Sekhar Bollempally, COO



Akepati Praveen Kumar Reddy,
Executive Director



Anushman Reddy Mitta,
Executive Director



Dr. Nagarajan Vedachalam,
Executive Project Director SSLV



Pusparaj Satpathy, VP HR



Shubham Sunil Bagadia, Company
Secretary & Compliance officer



K. Sreeramulu Reddy, SVP Quality



N. Mondaiah, SVP Operations -
Civil Nuclear Power & Products



D. Sidda Reddy, VP Operations
Clean Energy - Fuel Cells



Ch. Ramesh Reddy, VP Operations
Civil Nuclear Power & Defence



A. V. Sudhakar Reddy, VP Operations
Space



A. Vara Prasad, VP Operations
Specialised Fabrication



Lakshmana Babu - GM Aerospace



Niladri Banerjee - GM Quality



Laxmi Sundari - GM Electronics



Sarvana Raj Guruswamy - GM Sheet
Metal

Statutory Reports

Notice

NOTICE IS HEREBY GIVEN THAT THE 24TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF MTAR TECHNOLOGIES LIMITED WILL BE HELD ON FRIDAY, 11TH DAY OF AUGUST, 2023 AT 03:00 P.M. THROUGH VIDEO CONFERENCING (“VC”) / OTHER AUDIO-VISUAL MEANS (“OAVM”) TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Standalone and Consolidated Audited Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date together with the Notes attached thereto, along with the Reports of the Auditors and Directors thereon.

2. To appoint a director in place of Mr. A. Praveen Kumar Reddy (DIN: 08987107) who retires by rotation and being eligible, offered himself for re-appointment. (Brief Profile: Annexure A to this Notice).

3. To appoint a director in place of Mr. G.V. Satish Kumar Reddy (DIN: 06535717) who retires by rotation and being eligible, offers himself for re-appointment. (Brief Profile: Annexure A to this Notice).

SPECIAL BUSINESS:

4. RATIFICATION OF PAYMENT OF REMUNERATION TO THE COST AUDITOR FOR THE FINANCIAL YEAR 2023-2024:

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

“RESOLVED THAT pursuant to the provisions of Section 148(3) and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof, for the time being in force), and on recommendations of the Audit Committee and as approved by the Board of Directors, consent of the Members be and is hereby accorded for payment of remuneration to M/s. Sagar & Associates, (Registration No. 000118) Cost Accountants to conduct the audit of the cost records of the Company for the Financial Year ending 31st March 2024 on a remuneration of Rs. 3,50,000/- (Rupees Three Lakhs Fifty Thousand) per annum plus out of pocket expenses and applicable taxes.”

“RESOLVED FURTHER THAT Mr. P. Srinivas Reddy, Managing Director or Mr. Shubham Bagadia, Company Secretary and Compliance Officer of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be necessary to give full effect to make the resolution effective.”

5. REVISION AND INCREASE OF REMUNERATION PAYABLE TO MR. P. SRINIVAS REDDY AS MANAGING DIRECTOR OF THE COMPANY W.E.F., 01.04.2023

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

“RESOLVED THAT pursuant to the provisions of Section 178 and 197 read with Schedule V and other applicable provisions, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2016, as amended from time to time and Regulation 17 of SEBI (LODR) Regulations, 2015, the recommendation of the Nomination and Remuneration Committee and approval of Board of Directors, the consent of the members of the Company be and is hereby accorded for revision and increase in remuneration payable to Mr. P. Srinivas Reddy as Managing Director of the Company w.e.f. 01.04.2023 from Rs. 240 Lakhs to Rs. 400 Lakhs per annum which is divided into 75% as fixed and 25% as Variable Pay with authority to the Nomination and Remuneration Committee to determine the actual variable pay based on the performance of the company, besides the following perquisites and allowances which shall also be payable to Mr. P. Srinivas Reddy as Managing Director during his tenure:

i) Vehicle facility: Innova Crysta with Driver.

ii) Medical Insurance: For the Managing Director and Immediate Family members.”

“RESOLVED FURTHER THAT, in case of inadequacy of profits in any of the financial years, Mr. P Srinivas Reddy be paid and allowed same remuneration, perquisites and allowances as minimum remuneration for a period not exceeding three years.”

“RESOLVED FURTHER THAT Mr. Shubham Bagadia, Company Secretary & Compliance Officer of the Company, be and is hereby authorized to take all such steps as may be deemed necessary, desirable proper or expedient and file necessary e-forms with the Registrar of Companies, Telangana to give effect to this resolution and for matters connected there with or incidental thereto.”

6. RE-APPOINTMENT AND REMUNARATION PAYABLE TO MR. P. SRINIVAS REDDY AS A MANAGING DIRECTOR OF THE COMPANY W.E.F., 01.09.2023.

(Brief Profile: Annexure A to this Notice)

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

"RESOLVED THAT pursuant to the provisions of Sections 178,196,197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 17 of SEBI (LODR) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the members be and is hereby accorded for the re-appointment of Mr. P. Srinivas Reddy (DIN: 00359139) as Managing Director of the Company, for a period of 5 (Five) years with effect from September 01, 2023 (whose term of office expires on 31.08.2023) on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (herein referred as Board) to review or revise the terms and condition as mentioned in the annexure."

"RESOLVED FURTHER THAT Mr. P. Srinivas Reddy, Managing Director, be allowed and paid during his tenure, a remuneration of Rs. 400 Lakhs per annum which is divided into 75% as fixed and 25% as Variable Pay with authority to the Nomination and Remuneration Committee to determine the actual variable pay, based on the performance of the Company, besides the following perquisites and allowances which will also be payable to Mr. P. Srinivas Reddy as Managing Director during his tenure.

- i) Vehicle facility: Innova Crysta with Driver and
- ii) Medical Insurance: For the Managing Director and Immediate Family members."

"RESOLVED FURTHER THAT, in case of inadequacy of profits in any of the financial years, Mr. P Srinivas Reddy be paid and allowed same remuneration, perquisites and allowances as minimum remuneration for a period not exceeding three years."

"RESOLVED FURTHER THAT Mr. Shubham Bagadia, Company Secretary & Compliance Officer of the Company, be and is hereby authorized to file necessary e-forms with the Registrar of Companies, Telangana and to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto to give effect to this resolution."

7. RE-APPOINTMENT OF MR. B V R SUBBU (DIN: 00289721) AS AN INDEPENDENT DIRECTOR OF THE COMPANY (Brief Profile: Annexure A to this Notice).

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, read along with Schedule IV to the Companies Act, 2013 ('the Act') [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 17 and any other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time, Nomination and Remuneration Policy of the Company, the performance evaluation made by Board of Directors earlier and based on the recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company, Mr. B V R Subbu (DIN: 00289721), who was appointed as an Independent Director of the Company for a term of 3 (Three) consecutive years commencing from December 5, 2020 up to December 04, 2023 (both days inclusive) and who being eligible for re-appointment as an Independent Director has given his consent along with a declaration that he meets the criteria for independence under Section 149(6) of the Act and the rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (Five) consecutive years on the Board of the Company commencing from December 5, 2023 up to December 04, 2028 (both days inclusive)."

"RESOLVED FURTHER THAT Mr. P Srinivas Reddy, Managing Director and Mr. Shubham Bagadia, Company Secretary & Compliance Officer of the Company be and are hereby severally authorized to do all the acts, deeds and things which are necessary for the re-appointment of Mr. B V R Subbu as an Independent Director of the Company, including filing of the necessary forms with the Registrar of Companies, Telangana at Hyderabad."

8. RE-APPOINTMENT OF MR. A. KRISHNAKUMAR (DIN: 00871792) AS AN INDEPENDENT DIRECTOR OF THE COMPANY (Brief Profile: Annexure A to this Notice).

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, read along with Schedule IV to the Companies Act, 2013 ('the Act') [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 17 and any other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time, Nomination and Remuneration Policy of the Company, the performance evaluation made by Board of Directors earlier and based on the recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company, Mr. A. Krishna Kumar (DIN: 00871792), who was appointed as an Independent Director of the Company for a term of 3 (Three) consecutive years commencing from December 5, 2020 up to December 04, 2023 (both days inclusive) and who being eligible for re-appointment as an Independent Director has given his consent along with a declaration that he meets the criteria for independence under Section 149(6) of the Act and the rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (Five) consecutive years on the Board of the Company commencing from December 5, 2023 up to December 04, 2028 (both days inclusive)."

"RESOLVED FURTHER THAT Mr. P Srinivas Reddy, Managing Director and Mr. Shubham Bagadia, Company Secretary & Compliance Officer of the Company be and are hereby severally authorized to do all the acts, deeds and things which are necessary for the re-appointment of Mr. A. Krishna Kumar as an Independent Director of the Company, including filing of the necessary forms with the Registrar of Companies, Telangana at Hyderabad."

9. RE-APPOINTMENT OF MRS. AMEETA CHATTERJEE (DIN: 03010772) AS AN INDEPENDENT DIRECTOR OF THE COMPANY (Brief Profile: Annexure A to this Notice).

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, read along with Schedule IV to the Companies Act, 2013 ('the Act') [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 17 and any other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time, Nomination and Remuneration Policy of the Company, the performance evaluation made by Board of Directors earlier and based on the recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company, Mrs. Ameeta Chatterjee (DIN: 03010772), who was appointed as an Independent Director of the Company for a term of 3 (Three) consecutive years commencing from December 5, 2020 up to December 04, 2023 (both days inclusive) and who being eligible for re-appointment as an Independent Director has given her consent along with a declaration that she meets the criteria for independence under Section 149(6) of the Act and the rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (Five) consecutive years on the Board of the Company commencing from December 5, 2023 up to December 04, 2028 (both days inclusive)."

"RESOLVED FURTHER THAT Mr. P Srinivas Reddy, Managing Director and Mr. Shubham Bagadia, Company Secretary & Compliance Officer of the Company be and are hereby severally authorized to do all the acts, deeds and things which are necessary for the re-appointment of Mrs. Ameeta Chatterjee as an Independent Director of the Company, including filing of the necessary forms with the Registrar of Companies, Telangana at Hyderabad."

10. RE-APPOINTMENT OF MR. U C MUKTIBODH (DIN: 06558392) AS AN INDEPENDENT DIRECTOR OF THE COMPANY (Brief Profile: Annexure A to this Notice).

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, read along with Schedule IV to the Companies Act, 2013 ('the Act') [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 17 and any other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time, Nomination and Remuneration Policy of the Company, the performance evaluation made by Board of Directors earlier and based on the recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company, Mr. U C Muktibodh (DIN: 006558392), who was appointed as an Independent Director of the Company for a term of 3 (Three) consecutive years commencing from

December 5, 2020 up to December 04, 2023 (both days inclusive) and who being eligible for re-appointment as an Independent Director has given his consent along with a declaration that he meets the criteria for independence under Section 149(6) of the Act and the rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (Five) consecutive years on the Board of the Company commencing from December 5, 2023 up to December 04, 2028 (both days inclusive)."

"RESOLVED FURTHER THAT Mr. P Srinivas Reddy, Managing Director and Mr. Shubham Bagadia, Company Secretary & Compliance Officer of the Company be and are hereby severally authorized to do all the acts, deeds and things which are necessary for the re-appointment of Mr. U C Muktibodh as an Independent Director of the Company, including filing of the necessary forms with the Registrar of Companies, Telangana at Hyderabad."

11. RE-APPOINTMENT OF MR. V G SEKARAN (DIN: 02012032) AS AN INDEPENDENT DIRECTOR OF THE COMPANY (Brief Profile: Annexure A to this Notice).

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, read along with Schedule IV to the Companies Act, 2013 ('the Act') [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 17 and any other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time, Nomination and Remuneration Policy of the Company, the performance evaluation made by Board of Directors earlier and based on the recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company, Mr. V G Sekaran (DIN: 02012032), who was appointed as an Independent Director of the Company for a term of 3 (Three) consecutive years commencing from December 5, 2020 up to December 04, 2023 (both days inclusive) and who being eligible for re-appointment as an Independent Director has given his consent along with a declaration that he meets the criteria for independence under Section 149(6) of the Act and the rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of

5 (Five) consecutive years on the Board of the Company commencing from December 5, 2023 up to December 04, 2028 (both days inclusive)."

"RESOLVED FURTHER THAT Mr. P Srinivas Reddy, Managing Director and Mr. Shubham Bagadia, Company Secretary & Compliance Officer of the Company be and are hereby severally authorized to do all the acts, deeds and things which are necessary for the re-appointment of Mr. V G Sekaran as an Independent Director of the Company, including filing of the necessary forms with the Registrar of Companies, Telangana at Hyderabad."

By Order of the Board of Directors of
MTAR Technologies Limited

sd/-

Shubham Sunil Bagadia
Company Secretary &
Compliance Officer

Place: Hyderabad
Date : 17-05-2023

Explanatory Statement

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

Item No. 4: Ratification Of Payment Of Remuneration To The Cost Auditor For The Financial Year 2023-2024:

Based on the recommendation of the Audit Committee, the Board of Directors in its meeting held on 17th May 2023 has approved the appointment of M/s. Sagar & Associates, (Registration No.000118), Cost Accountants as Cost Auditors of the Company for the year ended 31st March 2024 to conduct the audit of cost records and has fixed their remuneration at Rs. 3,50,000/- (Rupees Three Lakhs Fifty Thousand only) per annum plus out of pocket expenses and applicable taxes etc.

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

Accordingly, the Board of Directors recommends the passing of the above Resolution as an Ordinary Resolution set out in the Item no. 4 of the notice.

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

Item No. 5: Revision and increase of remuneration payable to Mr. P. Srinivas Reddy as Managing Director of the Company w.e.f., 01.04.2023 and

Item No. 6: Re-appointment and remuneration payable to Mr. P. Srinivas Reddy as Managing Director of the Company w.e.f., 01.09.2023

Pursuant to the recommendations of the Nomination and Remuneration Committee, and having considered the contribution Mr. P. Srinivas Reddy in terms of leadership, strategy formulation and execution, financial planning, maintaining relations both with the board and external entities, improving the turnovers and profitability of the company, the Board in its meeting held on 09.02.2023 revised and increased the remuneration of the Managing Director with effect from 01.04.2023, from Rs. 240 Lakhs to Rs. 400 Lakhs per annum which is divided into 75% as fixed and 25% as Variable pay.

The actual variable pay would be decided by the Nomination and Remuneration Committee based on the performance of the company.

The below perquisites as provided earlier which will continue in the subsequent period i.e., during the tenure of the reappointment.

i) Vehicle facility: Innova Crysta with Driver.

ii) Medical Insurance: For the Managing Director and Immediate Family members.

The Board of Directors of the Company at their meeting held on 17th May 2023, approved the re-appointment of Mr. P. Srinivas Reddy as a Managing Director of the Company for a term of Five years commencing from 01.09.2023 to 31.08.2028 with the above-mentioned remuneration, perquisites and allowances during the aforesaid tenure of reappointment.

The Board of Directors recommends the passing of the above resolutions as a Special Resolution set out in the items.

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

Information in accordance with Schedule V of Companies Act, 2013

I. GENERAL INFORMATION

1. **Nature of Industry:** Precision engineering

2. **Date or expected date of commencement of commercial:** The Company started its commercial operations in the year 11th November 1999.

3. **In case of new companies, expected date of commencement of business activities as per project approved by financial institutions appearing in the prospects:** Not Applicable

4. Financial performance based on given indications

Particulars	2020-21 (Rs. in Mn)	2021-22 (Rs. in Mn)	2022-23 (Rs. in Mn)
Turnover	2464.32	3220.06	5773.47
Net profit after Tax	460.83	608.81	1040.75
Profits as per Sec 198	577.29	789.44	1369.46

5. **Foreign investments or collaborations, if any:** Not Applicable

II. INFORMATION ABOUT THE APPOINTEE

MR. P. SRINIVAS REDDY

1. Background Details:

Mr. P. Srinivas Reddy holds a bachelor's degree in engineering, specializing in industrial production, from the University of Mysore and a master's degree in science, specializing in industrial engineering from College of Engineering, Louisiana Tech University. He is associated with the company for more than 17 years in various capacities, and thus is well versed with the industry.

2. Past Remuneration: The remuneration drawn by Mr. P. Srinivas Reddy (DIN: 00359139) Managing Director was Rs. 240 Lacs /- per annum with a fixed pay of 60% and variable pay of 40% up to 31.03.2023 apart from the perquisites and allowances as stated above and the remuneration is increased to Rs. 400 lacs per annum as stated above.

3. Recognition or awards: None

4. Job Profile and his suitability:

The Industry in which MTAR operates demands from the top management a great amount of experience in the field of Aerospace, Nuclear Energy, Satellites and other Defense related activities including Missiles Technology etc., involving various government and non- government agencies both in India and Abroad like ISRO etc.

Mr. P. Srinivas Reddy has been a director on the Board since March 11, 2015 and was appointed as the Managing Director on September 1, 2020. He has been entrusted with the overall responsibility of the management of the Company and its affairs. He holds a bachelor's degree in engineering, specializing in industrial production, from the University of Mysore and a master's degree in science, specializing in industrial engineering from College of Engineering, Louisiana Tech University. He has over 30 years of working experience in manufacturing and construction sectors, is most suitable for the top slot in the Company.

5. Remuneration proposed:

As set out in the resolutions for the Item No. 5 & 6, the remuneration to Mr. P. Srinivas Reddy, Managing Director has the approval of the Nomination and Remuneration Committee and Board of Directors.

Increase of Remuneration payable to the Managing Director w.e.f. 01.04.2023 to Rs. 400 lacs per annum which is divided into 75% as fixed and 25% as Variable pay and payment of remuneration during the tenure of re- appointment w.e.f.,

01.09.2023 of Rs. 400 lacs per annum which is divided into 75% as fixed and 25% as Variable pay.

The Managing Director will also be entitled to the following perquisites and allowances from 01.04.2023 to 31.08.2023 which was approved earlier and also during the tenure of re- appointment for a period of 5 years w.e.f. 01.09.2023.

- i) Vehicle facility: Innova Crysta with Driver and
- ii) Medical Insurance: For the Managing Director and Immediate Family members.

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

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

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

Besides the remuneration proposed, he is holding 13,92,903 Equity Shares of the Company. (4.53% of paid up equity capital of the Company)

III. OTHER INFORMATION:

1. Steps taken or proposed to be taken for improvement: Necessary efforts are being made including securing new clients, diversification of business etc., to increase the production and efficiency which in turn will add to the growth of the business as well as the profitability.

2. Expected increase in productivity and profit in measurable terms: The company is committed to build the business operations within budget and considering that the business operates on a going concern basis, it is believed that financial position of the company will increase considerably in the coming years.

Item No. 7: Re-Appointment of Mr. B V R Subbu (DIN: 00289721) as an Independent Director of the Company.

Mr. B V R Subbu (DIN: 00289721) is currently an Independent Director and Chairman of the Company, Member of the Audit Committee, Member of the Nomination and Remuneration Committee and Chairman of the Risk Management Committee.

Mr. B V R Subbu was appointed as an Independent Director of the Company by the Members at the Extra Ordinary General Meeting of the Company held on December 05, 2020 for a period of 3 (three) consecutive years commencing from December 5, 2020 up to December 04, 2023 (both days inclusive) and is eligible for re-appointment for a second term on the Board of the Company.

Based on the recommendation of the Nomination & Remuneration Committee ('NRC'), the Board of Directors at its meeting held on May 17, 2023, proposed the re-appointment of Mr. B V R Subbu as an Independent Director of the Company for a second term of 5 (Five) consecutive years commencing from December 5, 2023 up to December 04, 2028 (both days inclusive), not liable to retire by rotation, for the approval of the Members by way of a Special Resolution.

Mr. BVR Subbu holds a master's degree in arts, with a specialisation in economics, from New Delhi's Jawaharlal Nehru University and a Post Graduate Diploma in International Trade from the Indian Institute of Foreign Trade, New Delhi. He has more than 20 years of manufacturing Industry expertise and held senior leadership positions in various Companies including Tata Motors Limited, Hyundai Motor India.

He is well-known globally as the strategist responsible for building Hyundai Motor from an unknown name to India's second largest car company in 6 months; from first car to millionth cars in a record breaking eight years. He has immense global exposure with the proven leadership abilities in transforming the organisations by formulating the growth strategies. He was recognised as India's 100 most powerful CEOs by ET.

Apart from his association with our Company, he is a director on the boards of Ola Electric Mobility Private Limited, KPIT Technologies Limited and Sona BLW Precision Forgings Limited amongst others.

The NRC taking into consideration the skills, expertise and competencies required for the Board in the context of the business and sectors of the Company and based on the performance evaluation, concluded and recommended to the Board that Mr. B V R Subbu qualifications and the rich experience in the above mentioned areas meets the skills and capabilities required for the role of Independent Director of the Company. The Board is of the opinion that Mr. B V R Subbu continues to possess the identified core skills, expertise and competencies fundamental for effective functioning in his role as an Independent Director of the Company and his continued association would be of immense benefit to the Company.

The Company has received a declaration from Mr. B V R Subbu confirming that he continues to meet the criteria of independence as prescribed under Section 149(6) of the Act, read with the rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'). In terms of Regulation 25(8) of the SEBI Listing Regulations, Mr. B V R Subbu has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties. Mr. B V R Subbu has also confirmed that he is not debarred from holding the office of Director by virtue of any SEBI Order or any such authority pursuant to circulars dated June 20, 2018 issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by the listed companies.

Further, Mr. B V R Subbu has confirmed that he is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director in terms of Section 152 of the Act, subject to re-appointment by the Members. Mr. B V R Subbu has also confirmed that he is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, with respect to his registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs ('IICA').

In the opinion of the Board, Mr. B V R Subbu fulfils the conditions specified in the Act, rules there under and the SEBI Listing Regulations for re-appointment as an Independent Director and that he is independent of the Management. The terms and conditions of the appointment of Independent Directors is uploaded on the website of the Company at www.mtar.in

In compliance with the provisions of Section 149 read with Schedule IV to the Act, Regulation 17 of the SEBI Listing Regulations and other applicable provisions of the Act and SEBI Listing Regulations, the re-appointment of Mr. B V R Subbu as an Independent Director is now placed for the approval of the Members by a Special Resolution.

As per performance evaluation report made by the Board earlier, Mr. BVR Subbu has been accredited with maximum points.

Pursuant to Regulation 25 (2A) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the appointment, re-appointment or removal of an independent director of a listed entity, shall be subject to the approval of shareholders by way of a special resolution.

The Board commends the Special Resolution set out in Item No. 7 of the accompanying Notice for approval of the Members.

None of the Directors or Key Managerial Personnel ('KMP') of the Company or their respective relatives, except Mr. B V R Subbu and his relatives, are concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the accompanying Notice.

Disclosures as required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India are annexed to this Notice.

Item No. 8: Re-Appointment of Mr. A. Krishna Kumar (DIN: 00871792) as an Independent Director of the Company:

Mr. A. Krishna Kumar (DIN: 00871792) is currently an Independent Director and Chairman of the Audit Committee, Member of the Nomination and Remuneration Committee, Member of Stake Holders and Relationship Committee and Member of the Risk Management Committee.

Mr. A. Krishna Kumar was appointed as an Independent Director of the Company by the Members at the Extra Ordinary General Meeting of the Company held on December 05, 2020 for a period of 3 (three) consecutive years commencing from December 5, 2020 up to December 04, 2023 (both days inclusive) and is eligible for re-appointment for a second term on the Board of the Company.

Based on the recommendation of the Nomination & Remuneration Committee ('NRC'), the Board of Directors at its meeting held on May 17, 2023, proposed the re-appointment of Mr. A. Krishna Kumar as an Independent Director of the Company for a second term of 5 (Five) consecutive years commencing from December 5, 2023 up to December 04, 2028 (both days inclusive), not liable to retire by rotation, for the approval of the Members by way of a Special Resolution.

Mr. A. Krishna Kumar holds a Bachelor's degree in arts, with Honours and Specialising in Economics, from the University of Delhi, and is a Certified Associate of the Indian Institute of Bankers (CAIIB). He has a rich experience in Banking & Financial sectors, and served State Bank of India for more than 39 years in various capacities where he has also taken up the role of Managing director and contributed for the growth of the firm immensely.

He was as elected as an Independent Shareholder Director to the Board of Andhra Bank from March 2015 to 31st March, 2020 and was also nominated by SEBI as Public Interest Director on the Board of Central Depository Services (India) Limited from July 2016 to July 2019.

He has also served as a director on the boards of Central Depository Services (India) Limited, REC Limited. He is currently a Director of TVS Wealth Private Limited, Zaggie Prepaid Ocean Services Limited, Suraksha Asset Reconstruction Limited and SBI Payment Services Private Limited.

The NRC taking into consideration the skills, expertise and competencies required for the Board in the context of the business and sectors of the Company and based on the performance evaluation, concluded and recommended to the Board that Mr. A. Krishna Kumar qualifications and the rich experience in the above mentioned areas meets the skills and capabilities required for the role of Independent Director of the Company. The Board is of the opinion that Mr. A. Krishna Kumar continues to possess the identified core skills, expertise and competencies fundamental for effective functioning in his role as an Independent Director of the Company and his continued association would be of immense benefit to the Company.

The Company has received a declaration from Mr. A. Krishna Kumar confirming that he continues to meet the criteria of independence as prescribed under Section 149(6) of the Act, read with the rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'). In terms of Regulation 25(8) of the SEBI Listing Regulations, A. Krishna Kumar has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties. Mr. A. Krishna Kumar has also confirmed that he is not debarred from holding the office of Director by virtue of any SEBI Order or any such authority pursuant to circulars dated June 20, 2018 issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by the listed companies.

Further, Mr. A. Krishna Kumar has confirmed that he is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director in terms of Section 152 of the Act, subject to re-appointment by the Members. Mr. A. Krishna Kumar has also confirmed that he is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, with respect to his registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs ('IICA').

In the opinion of the Board, Mr. A. Krishna Kumar fulfils the conditions specified in the Act, rules thereunder and the SEBI Listing Regulations for re-appointment as an Independent Director and that he is independent of the Management. The terms and conditions of the appointment of Independent Directors is uploaded on the website of the Company at www.mtar.in

In compliance with the provisions of Section 149 read with Schedule IV to the Act, Regulation 17 of the SEBI Listing Regulations and other applicable provisions of the Act and SEBI Listing Regulations, the re-appointment of Mr. A. Krishna Kumar as an Independent Director is now placed for the approval of the Members by a Special Resolution.

As per performance evaluation report made by the Board earlier, Mr. A. Krishna kumar has been accredited with maximum points.

Pursuant to Regulation 25 (2A) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the appointment, re-appointment or removal of an independent director of a listed entity, shall be subject to the approval of shareholders by way of a special resolution. The Board commends the Special Resolution set out in Item No. 8 of the accompanying Notice for approval of the Members.

None of the Directors or Key Managerial Personnel ('KMP') of the Company or their respective relatives, except Mr. A. Krishna Kumar and his relatives, are concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the accompanying Notice.

Disclosures as required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India are annexed to this Notice.

Item No. 9: Re-Appointment of Mrs. Ameeta Chatterjee (DIN: 03010772) as an Independent Director of the Company:

Mrs. Ameeta Chatterjee (DIN: 03010772) is currently an Independent Director and Chairperson of the Nomination and Remuneration Committee, Member of the Audit Committee and Member of the Risk Management Committee.

Mrs. Ameeta Chatterjee was appointed as an Independent Director of the Company by the Members at the Extra Ordinary General Meeting of the Company held on December 05, 2020 for a period of 3 (three) consecutive years commencing from December 5, 2020 up to December 04, 2023 (both days inclusive) and is eligible for re-appointment for a second term on the Board of the Company.

Based on the recommendation of the Nomination & Remuneration Committee ('NRC'), the Board of Directors at its meeting held on May 17, 2023, proposed the re-appointment of Mrs. Ameeta Chatterjee as an Independent Director of the Company for a second term of 5 (Five) consecutive years commencing from December 5, 2023 up to December 04, 2028 (both days inclusive), not liable to retire by rotation, for the approval of the Members by way of a Special Resolution.

Mrs. Ameeta Chatterjee holds a bachelor's degree in commerce, with honours, from The University of Delhi, where she was awarded the M. C. Shukla Prize in 1993 for securing the highest marks in aggregate in the business law and company law examinations.

She also holds a post graduate diploma in Management from the Indian Institute of Management (IIM), Bangalore. She has more than two decades of corporate experience in developing, managing and executing large projects across infrastructure sectors in India and UK.

She has previously worked as the general manager of investments and acquisitions at Leighton Contractors (India) Private Limited. She is currently a director on the boards of directors of Nippon Life Asset Management Limited, Jubilant Ingrevia Limited and JSW Infrastructure Limited.

The NRC taking into consideration the skills, expertise and competencies required for the Board in the context of the business and sectors of the Company and based on the performance evaluation, concluded and recommended to the Board that Mrs. Ameeta Chatterjee qualifications and rich experience in the above mentioned areas meets the skills and capabilities required for the role of Independent Director of the Company. The Board is of the opinion that Mrs. Ameeta Chatterjee continues to possess the identified core skills, expertise and competencies fundamental for effective functioning in her role as an Independent Director of the Company and her continued association would be of immense benefit to the Company.

The Company has received a declaration from Mrs. Ameeta Chatterjee confirming that she continues to meet the criteria of independence as prescribed under Section 149(6) of the Act, read with the rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'). In terms of Regulation 25(8) of the SEBI Listing Regulations, Mrs. Ameeta Chatterjee has confirmed that she is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact her ability to discharge her duties. Mrs. Ameeta Chatterjee has also confirmed that she is not debarred from holding the office of Director by virtue of any SEBI Order or any such authority pursuant to circulars dated June 20, 2018 issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement

of SEBI Orders regarding appointment of Directors by the listed companies.

Further, Mrs. Ameeta Chatterjee has confirmed that she is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director in terms of Section 152 of the Act, subject to re-appointment by the Members. Mrs. Ameeta Chatterjee has also confirmed that she is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, with respect to her registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs ('IICA').

In the opinion of the Board, Mrs. Ameeta Chatterjee fulfils the conditions specified in the Act, rules thereunder and the SEBI Listing Regulations for re-appointment as an Independent Director and that she is independent of the Management. The terms and conditions of the appointment of Independent Directors is uploaded on the website of the Company at www.mtar.in

In compliance with the provisions of Section 149 read with Schedule IV to the Act, Regulation 17 of the SEBI Listing Regulations and other applicable provisions of the Act and SEBI Listing Regulations, the re-appointment of Mrs. Ameeta Chatterjee as an Independent Director is now placed for the approval of the Members by a Special Resolution.

As per performance evaluation report made by the Board earlier, Mrs. Ameeta Chatterjee has been accredited with maximum points.

Pursuant to Regulation 25 (2A) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the appointment, re-appointment or removal of an independent director of a listed entity, shall be subject to the approval of shareholders by way of a special resolution. The Board commends the Special Resolution set out in Item No. 9 of the accompanying Notice for approval of the Members.

None of the Directors or Key Managerial Personnel ('KMP') of the Company or their respective relatives, except Mrs. Ameeta Chatterjee and her relatives, are concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 of the accompanying Notice.

Disclosures as required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India are annexed to this Notice.

Item No. 10: Re-Appointment of Mr. U C Muktibodh (DIN: 06558392) as an Independent Director of the Company:

Mr. U C Muktibodh (DIN: 06558392) is currently an Independent Director and Member of the Corporate Social Responsibility Committee, and Member of the Risk Management Committee.

Mr. U C Muktibodh was appointed as an Independent Director of the Company by the Members at the Extra Ordinary General Meeting of the Company held on December 05, 2020 for a period of 3 (three) consecutive years commencing from December 5, 2020 up to December 04, 2023 (both days inclusive) and is eligible for re-appointment for a second term on the Board of the Company.

Based on the recommendation of the Nomination & Remuneration Committee ('NRC'), the Board of Directors at its meeting held on May 17, 2023, proposed the re-appointment of Mr. U C Muktibodh as an Independent Director of the Company for a second term of 5 (Five) consecutive years commencing from December 5, 2023 up to December 04, 2028 (both days inclusive), not liable to retire by rotation, for the approval of the Members by way of a Special Resolution.

Mr. U.C. Muktibodh is an Expert in Nuclear Power Plant Technology in India, who is the retired Technical Director of NPCIL and was also a Member of the Board of Directors of NPCIL. Having graduated as a Mechanical Engineer and completed the Master's training with distinction in Nuclear Science and Engineering in Bhabha Atomic Research Centre (BARC) in 1981, he joined Reactor Processes Group of erstwhile Power Project Engineering Division, latter incorporated as Nuclear Power Corporation of India Ltd., of the Department of Atomic Energy where has contributed extensively for the development of Indian Civil Nuclear Power programme

He has provided Technical Advisory Support to Electric de France (EDF) in preparation of their Technical bid for Jaitapur Atomic Power Project (6x1650 MWe- PWR) to be set up in Maharashtra in collaboration with France. He is also a member of Independent Oversight & Advisory Committee for all Nuclear Power Projects in the country.

The NRC taking into consideration the skills, expertise and competencies required for the Board in the context of the business and sectors of the Company and based on the performance evaluation, concluded and recommended to the Board that Mr. U C Muktibodh

qualifications and the rich experience in the above mentioned areas meets the skills and capabilities required for the role of Independent Director of the Company. The Board is of the opinion that Mr. U C Muktibodh as an Independent Director of the Company and his continued association would be of immense benefit to the Company.

The Company has received a declaration from Mr. U C Muktibodh confirming that he continues to meet the criteria of independence as prescribed under Section 149(6) of the Act, read with the rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'). In terms of Regulation 25(8) of the SEBI Listing Regulations, Mr. U C Muktibodh has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties. Mr. U C Muktibodh has also confirmed that he is not debarred from holding the office of Director by virtue of any SEBI Order or any such authority pursuant to circulars dated June 20, 2018 issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by the listed companies.

Further, Mr. U C Muktibodh has confirmed that he is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director in terms of Section 152 of the Act, subject to re-appointment by the Members. Mr. U C Muktibodh has also confirmed that he is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, with respect to his registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs ('IICA').

In the opinion of the Board, Mr. U C Muktibodh fulfils the conditions specified in the Act, rules thereunder and the SEBI Listing Regulations for re-appointment as an Independent Director and that he is independent of the Management. The terms and conditions of the appointment of Independent Directors is uploaded on the website of the Company at www.mtar.in

In compliance with the provisions of Section 149 read with Schedule IV to the Act, Regulation 17 of the SEBI Listing Regulations and other applicable provisions of the Act and SEBI Listing Regulations, the re-appointment of Mr. U C Muktibodh as an Independent Director is now placed for the approval of the Members by a Special Resolution.

As per performance evaluation report made by the Board earlier, Mr. U C Muktibodh has been accredited with maximum points.

Pursuant to Regulation 25 (2A) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'),

the appointment, re-appointment or removal of an independent director of a listed entity, shall be subject to the approval of shareholders by way of a special resolution. The Board commends the Special Resolution set out in Item No. 10 of the accompanying Notice for approval of the Members.

None of the Directors or Key Managerial Personnel ('KMP') of the Company or their respective relatives, except Mr. U C Muktibodh and his relatives, are concerned or interested, financially or otherwise, in the resolution set out at Item No. 10 of the accompanying Notice.

Disclosures as required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India are annexed to this Notice.

Item No. 11: Re-Appointment of Mr. V G Sekaran (DIN: 02012032) as an Independent Director of the Company:

Mr. V G Sekaran (DIN: 02012032) is currently an Independent Director and Member of the Corporate Social Responsibility Committee, Member of Stake Holders and Relationship Committee and Member of the Risk Management Committee.

Mr. V G Sekaran was appointed as an Independent Director of the Company by the Members at the Extra Ordinary General Meeting of the Company held on December 05, 2020 for a period of 3 (three) consecutive years commencing from December 5, 2020 up to December 04, 2023 (both days inclusive) and is eligible for re-appointment for a second term on the Board of the Company.

Based on the recommendation of the Nomination & Remuneration Committee ('NRC'), the Board of Directors at its meeting held on May 17, 2023, proposed the re-appointment of Mr. V G Sekaran as an Independent Director of the Company for a second term of 5 (five) consecutive years commencing from December 5, 2023 up to December 04, 2028 (both days inclusive), not liable to retire by rotation, for the approval of the Members by way of a Special Resolution.

Mr. V G Sekaran holds a bachelor's degree in engineering, in the branch of Mechanical Engineering, from Madurai University, a Master's Degree in Engineering, with a Specialisation in Aeronautical Engineering, from the Indian Institute of Science, Bangalore and a doctorate in philosophy from the Queen's University of Belfast.

He is an eminent Missile Scientist and the Chief Designer of the Long-Range Ballistic Missile System AGNI 5. He has held key roles in DRDO such as Chief Controller R&D (Missiles & Strategic Systems) and Programme Director to Agni Missiles and involved in development of programs of

national importance such as Missiles & Strategic Systems. He has Sound technical knowledge on missile systems, flight mechanics, propulsion systems and advanced technologies such as composites. He has carried out extensive research and developed many critical technologies for Indian Defence Industry.

He is honoured with various prestigious awards such as “Scientist of the year award”, “Path Breaking Research/Outstanding Technology Development Award”, “Technology leadership awards”, among others. He is involved in framing several policies in the areas of joint collaborations and technology acquisitions both within the country and abroad during my stint with DRDO. He has served as an advisory committee member for technological development programmes and published several national and international research journals.

The Nomination and Remuneration Committee and Board noted that Mr. V. G. Sekaran, Independent Director will attain the age of seventy-five years on 02nd June 2026 and his terms of re-appointment shall be up-to 04th December 2028. The Committee and the Board reviewed the same and decided that his continuation on attaining the age of seventy-five years as an Independent Director is absolutely justified as he is “Next to None” in contributing for the growth and development of the Company as a great technical expert and scientist with an outstanding expertise in the relevant field.

The Nomination and Remuneration Committee taking into consideration the skills, expertise and competencies required for the Board in the context of the business and sectors of the Company and based on the performance evaluation, concluded and recommended to the Board that Mr. V G Sekaran qualifications and the rich experience in the above mentioned areas meets the skills and capabilities required for the role of Independent Director of the Company. The Board is of the opinion that Mr. V G Sekaran as an Independent Director of the Company and his continued association would be of immense benefit to the Company.

The Company has received a declaration from Mr. V G Sekaran confirming that he continues to meet the criteria of independence as prescribed under Section 149(6) of the Act, read with the rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”). In terms of Regulation 25(8) of the SEBI Listing Regulations, Mr. V G Sekaran has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties. Mr. V G Sekaran has also confirmed that he is not debarred from holding the office of Director by virtue of any SEBI Order or any such authority pursuant to circulars dated June 20, 2018 issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders

regarding appointment of Directors by the listed companies. Further, Mr. V G Sekaran has confirmed that he is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director in terms of Section 152 of the Act, subject to re-appointment by the Members. Mr. V G Sekaran has also confirmed that he is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, with respect to his registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs (‘IICA’).

In the opinion of the Board, Mr. V G Sekaran fulfils the conditions specified in the Act, rules thereunder and the SEBI Listing Regulations for re-appointment as an Independent Director and that he is independent of the Management. The terms and conditions of the appointment of Independent Directors is uploaded on the website of the Company at www.mtar.in

In compliance with the provisions of Section 149 read with Schedule IV to the Act, Regulation 17 of the SEBI Listing Regulations and other applicable provisions of the Act and SEBI Listing Regulations, the re-appointment of Mr. V G Sekaran as an Independent Director is now placed for the approval of the Members by a Special Resolution.

As per performance evaluation report made by the Board earlier, Mr. V G Sekaran has been accredited with maximum points.

Pursuant to Regulation 25 (2A) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the appointment, re-appointment or removal of an independent director of a listed entity, shall be subject to the approval of shareholders by way of a special resolution. The Board commends the Special Resolution set out in Item No. 11 of the accompanying Notice for approval of the Members.

None of the Directors or Key Managerial Personnel (‘KMP’) of the Company or their respective relatives, except Mr. V G Sekaran and his relatives, are concerned or interested, financially or otherwise, in the resolution set out at Item No. 11 of the accompanying Notice.

Disclosures as required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India are annexed to this Notice.

By Order of the Board of Directors of
MTAR Technologies Limited

Place: Hyderabad
Date: 17.05.2023

Sd/
Shubham Sunil Bagadia
Company Secretary &
Compliance Officer

ANNEXURE-A: ITEM NO. 2,3,5,6,7,8,9,10 & 11 OF THE NOTICE

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

Name of the Director	Mr. A Praveen Kumar Reddy	Mr. G V Satish Kumar Reddy	Mr. P. Srinivas Reddy
Designation	Whole Time Director	Non- Executive Non Independent Director	Managing Director
DIN	08987107	06535717	00359139
Date of Birth	01/07/1967	25/02/1966	20/08/1965
Age	56 Years	57 Years	57 Years
Date of First Appointment on the Board	14/12/2020	21/09/2017	11/03/2015
Qualification and Experience	Mr. Praveen Kumar Reddy Akepati, is an engineering graduate from Andhra University, with experience of over 25 years in the Industry, has been associated with the company for 18+ years, also worked at the position of Vice President in the Company thus is well versed with the Operations, Strategies and Management of the Company.	Mr. G V Satish Reddy is a Graduate in specialised mechanical engineering, from Bangalore University, and master's degree in science, specialising in industrial engineering, from Bradley University. He has been associated with the company since 2017 as Nonexecutive Director, thus is well versed with the functions and Management of the Company.	As mentioned under Item No. 5&6 of the Explanatory Statement
Expertise in specific functional area	Operations & Business Development	Management & Business Development	As mentioned under Item No. 5&6 of the Explanatory Statement
Relationships between Directors inter se	Mr. A Praveen Kumar Reddy and Mr. Anushman Reddy are related to each other	Not related	Not related
Name of the Listed entities in which the person also holds the directorship and the membership of the committees of the Board along with the Listed entities from which the person has resigned in the past three years*	Nil	Nil	Mr. P. Srinivas Reddy is a Non- Executive Non-Independent Director in M/s. Ravileela Granites Limited ("RGL"). Mr. P. Srinivas Reddy has not resigned from any listed Company in the past three years.
Number of shares held in the Company	Nil	Nil	13,92,903 Equity Shares (4.53% of the paid-up equity share capital)
Skills and capabilities required for the role and the manner in which the Director meet the requirements (Independent Directors)	NA	NA	NA

*Excluding MTAR Technologies Limited

ANNEXURE-A: ITEM NO. 2,3,5,6,7,8,9,10 & 11 OF THE NOTICE

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

Name of the Director	Mr. B V R Subbu	Mr. A. Krishna Kumar	Mrs. Ameeta Chatterjee
Designation	Independent Director	Independent Director	Independent Director
DIN	00289721	00871792	03010772
Date of Birth	14/02/1954	18/11/1954	27/12/1972
Age	69 Years	68 Years	51 Years
Date of First Appointment on the Board	05/12/2020	05/12/2020	05/12/2020
Qualification and Experience	As mentioned under Item No. 7 of the Explanatory Statement	As mentioned under Item No. 8 of the Explanatory Statement	As mentioned under Item No. 9 of the Explanatory Statement
Expertise in specific functional area	As mentioned under Item No. 7 of the Explanatory Statement	As mentioned under Item No. 8 of the Explanatory Statement	As mentioned under Item No. 9 of the Explanatory Statement
Relationships between Directors inter se	Not related	Not related	Not related
Name of the Listed entities in which the person also holds the directorship and the membership of the committees of the Board along with the Listed entities from which the person has resigned in the past three years*	<p>Mr. B V R Subbu is an Independent Director in Sona BLW Precision Forgings Limited and KPIT Technologies Limited. In Sona BLW Precision Forgings Limited he is a Chairperson of Audit Committee and Member of Nomination and Remuneration Committee. In KPIT Technologies Limited he is a member of Audit Committee, Risk Management Committee and Chairperson of Stakeholders Relationship Committee.</p> <p>Mr. B V R Subbu has resigned from Greaves Cotton Limited on 01.10.2021 during the past three years.</p>	NIL	<p>Ms. Ameeta Chatterjee is an Independent Director in Jubilant Ingrevia Limited and Nippon Life India Asset Management Limited. In Jubilant Ingrevia Limited she is a member of Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Corporate Social Responsibility Committee. In Nippon Life India Asset Management Limited she is a member of Audit Committee, Nominatiwon and Remuneration Committee, Corporate Social Responsibility Committee and Chairperson of Stakeholders Relationship Committee.</p> <p>Ms. Ameeta Chatterjee has not resigned from any listed Company in the past three years.</p>
Number of shares held in the Company	Nil	Nil	Nil
Skills and capabilities required for the role and the manner in which the Director meet the requirements (Independent Directors)	Refer Item No. 7 of the Notice and explanatory statement	Refer Item No. 8 of the Notice and explanatory statement	Refer Item No. 9 of the Notice and explanatory statement

* Excluding MTAR Technologies Limited

ANNEXURE-A: ITEM NO. 2,3,5,6,7,8,9,10 & 11 OF THE NOTICE

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

Name of the Director	Mr. U C Muktibodh	Mr. V G Sekaran
Designation	Independent Director	Independent Director
DIN	06558392	06558392
Date of Birth	03/06/1958	03/06/1951
Age	65 Years	72 Years
Date of First Appointment on the Board	05/12/2020	05/12/2020
Qualification and Experience	As mentioned under Item No. 10 of the Explanatory Statement	As mentioned under Item No. 11 of the Explanatory Statement
Expertise in specific functional area	As mentioned under Item No. 10 of the Explanatory Statement	As mentioned under Item No. 11 of the Explanatory Statement
Relationships between Directors inter se	Not related	Not related
Name of the Listed entities in which the person also holds the directorship and the membership of the committees of the Board along with the Listed entities from which the person has resigned in the past three years*	NIL	NIL
Number of shares held in the Company	Nil	Nil
Skills and capabilities required for the role and the manner in which the Director meet the requirements (Independent Directors)	Refer Item No. 10 of the Notice and explanatory statement	Refer Item No. 11 of the Notice and explanatory statement

* Excluding MTAR Technologies Limited

Notes

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its General Circular nos. 14/2020 and 17/2020 dated April 8, 2020 and April 13, 2020 respectively, in relation to “Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid -19”, General Circular no. 20/2020 dated May 05, 2020, General Circular nos. 02/2021 and 21/2021 dated January 13, 2021 and December 14, 2021 and Circular No. 03/2022 dated May 05, 2022 and Circular No. 10/2022 dated December 28, 2022 Circular SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 and circular no. SEBI/ HO/ CFD/ PoD-2/P/ CIR/ 2023/ 4 dated January 5, 2023 issued by SEBI (hereinafter collectively referred to as “the Circulars”), in relation to “Clarification on holding of annual general meeting (AGM) through video conferencing (VC)/ other audio visual means (OAVM)”, (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the MCA Circulars, the AGM of the Company is being held through VC/OAVM.
 2. The Deemed Venue of the 24th AGM of the Company shall be its Registered Office.
 3. Since the AGM will be held through VC/OAVM (e-AGM), the Route Map for venue of AGM is not annexed to the Notice.
 4. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum of the AGM under Section 103 of the Act.
 5. In compliance with the MCA Circulars and SEBI Circular dated January 15, 2021 as aforesaid, Notice of the AGM along with the Annual Report (viz. Financial Statement) for Financial Year 2022-2023 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories/R&T Agent. Members may note that the Notice and Annual Report for Financial Year 2022-2023 will also be available on the Company’s website <https://mtar.in/>, websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com and on the website of R&T Agent of the Company viz. KFin at <https://evoting.kfintech.com>.
 6. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
 7. To avoid fraudulent transaction(s), the identity / signature of the Members holding shares in electronic / demat form is verified with the specimen signatures furnished by NSDL/ CDSL and members holding shares in physical form is verified as per the records of the R&T Agent of the Company. Members are requested to keep the same updated.
 8. Pursuant to the provisions of the Act and other applicable Regulations, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on their behalf and the proxy need not be a Member of the Company. However, since this AGM is being held pursuant to the MCA/SEBI Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will also not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to the Notice.
 9. Corporate/institutional Members (i.e., other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/ JPG format) of the relevant Board Resolution/ Authority Letter / Power of Attorney etc. together with attested specimen signature of the duly authorised signatory(ies) who is /are authorised to vote, to the Scrutinizer through e-mail at ssrfcs@gmail.com and may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format ‘MTAR_EVENT No.’
 10. The facility of joining the e-AGM through VC/OAVM will be opened 15 minutes before and will remain open up to 15 minutes after the scheduled start time of the e-AGM, and will be available for 1000 members on a first-come first-served basis. This rule would however not apply to participation in respect of large Shareholders (Shareholders holding 2% or more shares of the Company), Promoters, Institutional Investors, Auditors, Key Managerial Personnel and the Directors of the Company including Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.
 11. Members are requested to notify change in their address, if any, immediately to the R&T Agent of the Company.
 12. To receive faster communication by Company including Annual Reports and Notices, the Members are requested to register / update their e-mail address, Telephone Number/ Mobile Number with their respective Depository.
- Alternatively, Member may send signed copy of the request letter providing the e-mail address, mobile number, self-attested PAN copy, DP ID (in case of electronic mode shares), folio No (in case of physical mode shares) via e-mail at the Email Id – einward.ris@kfintech.com for obtaining the Annual Report and Notice of e-AGM of the Company electronically.

Participants (DPs) where they hold their shares in electronic form. However, if their shares are held in physical form, Members are advised to go for ISR1 to register the details with Kifn for physical cases and following instructions thereof. Members are requested to support the green initiative efforts of the Company.

13. For ease of conduct, Members who would like to ask questions/express their views on the items of the businesses to be transacted at the AGM can send their questions / comments in advance by visiting URL <https://emeetings.kfintech.com> and clicking on the tab 'Post your Queries' during the period starting from August 07, 2023 (9.00 a.m. IST) to August 09, 2023 (5.00 p.m. IST) mentioning their name, demat account no./Folio no., Email Id, mobile number etc. The queries so raised must also be mailed at info@mtar.in. The queries should be precise and in brief to enable the Company to answer the same suitably depending on the availability of time at the meeting.

14. The Company has been maintaining, inter alia, the following statutory registers at its Registered Office - Hyderabad:

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

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

15. Pursuant to the requirement of Regulation 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and respective provisions of Secretarial Standard-2, the brief profile/particulars of the Directors of the Company seeking their appointment or re-appointment at the Annual General Meeting (AGM) is annexed hereto.

16. The Explanatory Statement pursuant to Section 102 of the Companies Act 2013 ('Act') setting out details/material facts relating to the proposed special business(es) under Item Nos. 4 to 11 of the Notice is annexed hereto.

17. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their

shareholdings into dematerialized form. Members can contact the Company or its R&T Agent KFIN Technologies Limited for assistance in this regard.

18. In terms of circulars/regulations issued by SEBI, it is now mandatory to furnish a copy of PAN Card to the Company or its R&T Agent in case of transactions related to transfer of shares, deletion of name, transmission of shares and transposition of shares, hence members are requested to furnish copy of their PAN Card while proceeding for such transactions.

19. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such folios and send the relevant Share Certificates to the R&T Agent of the Company for enabling them to consolidate the shares with due process.

20. Register of Members and Share Transfer Books of the Company will remain closed from August 05, 2023 to August 11, 2023 (both days inclusive), for the purpose of AGM.

21. Shareholders who have not yet en-cashed their dividend warrant(s) for any financial year from the date of listing i.e, March 15, 2021, are requested to submit their claim to the R&T Agent of the Company immediately to avoid transferring of their unpaid dividend amount to IEPF A/c after 7 years under applicable provisions.

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

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

1. Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company is pleased to provide to its Members, facility to exercise their right to vote on resolutions proposed to be passed at the AGM by electronic means. The Members may cast their votes using electronic voting system from any place (viz. 'remote e-voting').

The Company has engaged the services of Kfin Technologies Limited (“Kfin”) as the Agency to provide e-voting facility to members.

2. The Board of Directors of the Company has appointed M/s. S.S. Reddy & Associates, Practicing Company Secretaries as Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for the said purpose.

3. Voting right of the Members shall be reckoned in proportion to their shares held in the paid-up equity share capital of the Company as on Friday, August 04, 2023 (the “Cut-off date”). Person who is not a member as on the cut-off date should treat the Notice for information purpose only.

4. A person, whose name is recorded in the Register of Members or in the register of beneficial owners maintained by the depositories (viz. CDSL/NSDL) as on the cut-off date i.e., Friday, August 04, 2023 only shall be entitled to avail the facility of remote e-voting for the resolutions placed in the AGM. Those Members, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

5. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC/OAVM but shall not be entitled to cast their vote again.

6. The remote e-voting facility will be available during the following period:

Commencement of remote e-voting: From 9.00 a.m. (IST) on Tuesday, August 08, 2023.

End of remote e-voting: At 5.00 p.m. (IST) on Thursday, August 10, 2023.

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

The remote E-Voting process, in relation to the resolutions proposed at 24th AGM of the Company has been segregated into 3 parts which is mentioned as hereunder:

(i) E-Voting in case of Physical Shareholders & Non-Individual Shareholders (Physical / Demat)

ii) E-Voting in case of Individual Shareholders having shares in electronic / demat mode

(iii) E-Voting in case of attending AGM and voting thereat.

INSTRUCTION FOR REMOTE E-VOTING

(I) IN CASE OF PHYSICAL SHAREHOLDERS & NON-INDIVIDUAL SHAREHOLDERS (PHYSICAL/DEMAT):

a) Initial password is provided in the body of the e-mail.

b) Launch internet browser and type the URL: <https://evoting.kfintech.com> in the address bar.

c) Enter the log in credentials i.e., User ID and password mentioned in your e-mail. Your Folio No./ DP ID Client ID will be your User ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and password for casting your votes.

d) After entering the details appropriately, click on LOGIN.

e) You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

f) You need to login again with the new credentials.

g) On successful login, the system will prompt you to select the EVENT. Select MTAR Technologies Limited.

h) On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, enter all shares and click ‘FOR’/ ‘AGAINST’ as the case may be or partially in ‘FOR’ and partially in ‘AGAINST’, but the total number in ‘FOR’ and/or ‘AGAINST’ taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option ‘ABSTAIN’ and the shares held will not be counted under either head.

i) Members holding multiple folios/demat accounts shall choose the voting process separately for each folio / demat account.

j) Cast your votes by selecting an appropriate option and click on ‘SUBMIT’. A confirmation box will be displayed. Click ‘OK’ to confirm else ‘CANCEL’ to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can log in multiple times till you are confirmed that you have voted on the resolution.

k) In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting User Manual available at the ‘download’ section of <https://evoting.kfintech.com> or call KFIN Technologies Ltd. on 1800 309 4001 (toll free).

l) Any person who becomes a Member of the Company after sending the Notice of the meeting but on or before the cut-off date viz. Friday, August 04, 2023 may obtain the USER ID and Password for e-voting in the following manner or may write an email on einward.ris@kfintech.com for obtaining support in this regard.

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

1.	Example for NSDL:	MYEPWD <SPACE> IN12345612345678
2.	Example for CDSL:	MYEPWD <SPACE> 1402345612345678
3.	Example for Physical:	MYEPWD <SPACE> XXXX1234567890

b. If e-mail address or mobile number of the Member is registered against Folio No./ DP ID Client ID, then on the home page of <https://evoting.kfintech.com>, the Member may click “forgot password” and enter Folio No. or DP ID Client ID and PAN to generate a password.

c. Member may call KFin toll free number 1-800- 3094-001 for all e-voting related matters.

d. Member may send an e-mail request to einward.ris@kfintech.com for support related to e-voting matter.

(II) IN CASE OF INDIVIDUAL SHAREHOLDERS HAVING SHARES IN ELECTRONIC/DEMAT MODE:

Such shareholder(s) may refer the e-voting process mandated for them vide SEBI circular dated 9th December, 2020 and should follow following process for remote e-voting:

Login method for e-Voting:

As per the SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in Demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility. The remote e-voting process of the Depositories viz NSDL and CDSL are different which are stated below to facilitate the members.

SI No	NSDL	CDSL
1	<p>1. User already registered for IDeAS facility:**</p> <p>I. URL: https://eservices.nsd.com</p> <p>II. Click on the “Beneficial Owner” icon under ‘IDeAS’ section.</p> <p>III. On the new page, enter existing User ID and Password. Post successful authentication, click on “Access to e-Voting”</p> <p>IV. Click on Company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.</p>	<p>Existing user who have opted for Easi/Easiest **</p> <p>I. URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com</p> <p>II. Click on New System Myeasi</p> <p>III. Login with user id and password.</p> <p>IV. Option will be made available to reach e-Voting page without any further authentication.</p> <p>V. Click on e-Voting service provider name to cast your vote.</p>
2	<p>User not registered for IDeAS e-Services</p> <p>I. To register click on link : https://eservices.nsd.com (Select “Register Online for IDeAS”) or https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</p> <p>II. Proceed with completing the required fields. ** (Post registration is completed, follow the process as stated in point no. 1 above)</p>	<p>User not registered for Easi/Easiest</p> <p>I. Option to register is available at : https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>II. Proceed with completing the required fields.</p> <p>** (Post registration is completed, follow the process as stated in point no. 1 above)</p>
3.	<p>First time users can visit the e-Voting website directly and follow the process below:</p> <p>I. URL: https://www.evoting.nsd.com</p> <p>II. Click on the icon “Login” which is available under ‘Shareholder/Member’ section.</p>	<p>First time users can visit the e-Voting website directly and follow the process below:</p> <p>I. URL: www.cdslindia.com</p> <p>II. Provide demat Account Number and PAN No.</p>

SI No	NSDL	CDSL
3.	<p>III. Enter User ID (i.e. 16-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen.</p> <p>IV. Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page.</p> <p>V. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</p>	<p>III. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account.</p> <p>IV. After successful authentication, user will be provided links for the respective ESP where the e- Voting is in progress.</p> <p>V. Click on Company name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</p>

Individual Shareholders (holding securities in demat/ electronic mode) can also login through their Depository Participants (DPs) as per following process.

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

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

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

(III) E-VOTING IN CASE OF ATTENDING AGM AND VOTING THEREAT:

Attending of E-AGM

a) Members will be able to attend the e-AGM through VC/OAVM facility provided by KFin at <https://emeetings.kfintech.com> by clicking on the tab 'video conference' and using their remote e-voting login credentials as provided by Kfin technologies Limited. The link for e-AGM will be available in Member's login where the EVENT and the name of the Company can be selected. Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the instructions mentioned here in above.

b) Members are encouraged to join the meeting through Laptops with Google Chrome for better experience.

c) Further, members will be required to allow camera, if any, and hence use internet with a good speed to avoid any disturbance/glitch/garbling etc. during the meeting.

d) While all efforts would be made to make the VC/OAVM meeting smooth, participants connecting through mobile devices, tablets, laptops etc. may at times experience audio/video loss due to fluctuation in their respective networks. Use of a stable Wi-Fi or LAN connection can mitigate some of the technical glitches.

e). Members, who would like to express their views or ask questions during the e-AGM will have to register themselves as a speaker by visiting the URL <https://emeetings.kfintech.com> and clicking on the tab 'Speaker Registration' and mentioning their registered e-mail id, mobile number and city, during the period starting from August 07, 2023 (9.00 a.m. IST) up to August 09, 2023 (5.00 p.m. IST) . Only those members who have registered themselves as a speaker will be allowed to express their views/ask questions during the e-AGM and the maximum time per speaker will be restricted to 3 minutes.

Members who want to get their pre-recorded video uploaded for display during the AGM of the Company, can also upload the same by visiting <https://emeetings.kfintech.com> and uploading their video in the 'Speaker Registration' tab, during August 07, 2023 to August 09, 2023, subject to the condition that size of such video should be less than 50 MB.

The Company reserves the right to restrict the /number of speakers and display of videos uploaded by the Members depending on the availability of time for the e-AGM. Please note that questions of only those Members will be entertained / considered who are holding shares of Company as on the cut-off date viz August 04, 2023.

f). Members who need technical or other assistance before or during the e-AGM can contact KFin by sending email at emeetings@kfintech.com or Helpline: 1800 309 4001 (toll free). For any other kind of support / assistance related to the AGM, members can also contact Mr. Venkatesh at phone number 9346237124 or may write to info@mtar.in / shubham.bagadia@mtar.in.

g) Due to limitations of transmission and coordination during the Q&A session, the Company may dispense with the speaker registration during the e-AGM conference.

Voting at E-AGM (INSTAPOLL)

a. Only those members/shareholders who hold shares as on the cut-off date viz. August 04th, 2023 and who have not casted their vote earlier through remote e-voting are eligible to vote through e-voting during the e-AGM.

b. Members who have voted through remote e-voting will be eligible to attend the e-AGM.

c. Members attending the e-AGM shall be counted for the purpose of reckoning the quorum of AGM under Section 103 of the Companies Act, 2013.

d. Upon declaration by the Chairperson about the commencement of e-voting at e-AGM, Members shall click on the "Vote" sign on the left-hand bottom corner of their video screen for voting at the e-AGM, which will take them to the 'Instapoll' page.

e. Members to click on the "Instapoll" icon to reach the resolution page and follow the instructions to vote on the resolutions.

f. The electronic voting system for e-voting at AGM, as provided by KFIN Technologies Ltd, shall be available for 30 minutes from the time of commencement of voting declared by the Chairman at the AGM.

General Information:

i. The Scrutiniser shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unlock the votes cast through remote e-voting and make a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, and submit the report to the Chairperson of the Company or any person authorized in that respect within 2 working days of the conclusion of the AGM, who shall countersign the same and thereafter results of the voting will be declared. The results declared along with the scrutiniser's report shall be placed on the Company's website at www.mtar.in and on the website of R&T Agent KFin viz. <https://evoting.kfintech.com> and shall also be communicated to the stock exchanges viz BSE Limited. where the shares of the Company are listed. The resolutions shall be deemed to have been passed at the AGM of the Company subject to obtaining requisite votes thereto.

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

<p>Physical Holding (If any)</p>	<p>Submit a request to KFin providing Folio No, Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) for registering email address, on or before 04.08.2023 in relation to 24th AGM. Alternatively, Annual Report, consisted of AGM notice, can also be downloaded from Company website www.mtar.in.</p> <p>For updation of dividend mandate, please send following details to einward.ris@kfintech.com on or before 04.08.2023.</p> <p>a) Name and Branch of the Bank in which you wish to receive the dividend,</p> <p>b) the Bank Account type,</p> <p>c) Bank Account Number allotted by their banks after implementation of Core Banking Solutions,</p> <p>d) 9-digit MICR Code Number,</p> <p>e) 11-digit IFSC Code and</p> <p>f) a scanned copy of the cancelled cheque bearing the name of the first shareholder</p>
<p>Demat Holding</p>	<p>Please contact your Depository Participant (DP) and register your email address and bank account details in your demat account, as per the process advised by your DP.</p>

23. Relevant documents referred to in the accompanying Notice, as well as Annual Reports and Annual Accounts of the Subsidiaries Companies whose Annual Accounts have been consolidated with the Company are open for inspection at the Registered Office of the Company,

during the office hours, on all working days between 10.00 A.M. to 5.00 P.M. up to the date of Annual General Meeting.

24. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/ uploading their email addresses, in respect of shares held

in dematerialized form with their respective Depository Participant and in respect of shares held in physical form with the Company's Registrar and Share Transfer Agents.

By and on behalf of
The Board of Directors of
MTAR Technologies Limited

Sd/
Shubham Sunil Bagadia
Company Secretary &
Compliance Officer

Place: Hyderabad
Date: 17-05-2023

DIRECTORS REPORT

Dear Members,

Your Directors have pleasure in presenting the 24th Directors' Report and the Audited Statement of Accounts of the Company for the Financial Year ended 31st March 2023

1. FINANCIAL SUMMARY/HIGHLIGHTS:

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

(Amount in Rs. Mn)

Particulars	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
Revenue from Operations	5733.47	3,220.06	5,737.51	3,220.06
Other Income	197.02	87.53	194.77	87.53
Profit/loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	1539.62	944.33	1539.74	944.26
Less: Depreciation/ Amortisation/ Impairment	182.71	143.10	186.61	143.10
Profit /loss before Finance Costs, Exceptional items and Tax Expense	1356.91	801.23	1353.13	801.16
Less: Finance Costs	145.02	66.49	145.67	66.49
Profit /loss before Exceptional items and Tax Expense	1408.91	822.27	1402.23	822.20
Add/(less): Exceptional items	0	0	0	0
Profit /loss before Tax Expense	1408.91	822.27	1402.23	822.20
Less: Tax Expense (Current & Deferred)	368.16	213.46	368.04	213.46
Profit /loss for the year (1)	1040.75	608.81	1,034.19	608.74
Total Comprehensive Income/loss (2)	(30.27)	5.82	(30.27)	5.82
Total (1+2)	1010.48	614.63	1003.92	614.56
Balance of profit /loss for earlier years	1,675.94	1,245.87	1,675.70	1,245.70
Less: Transfer to Debenture Redemption Reserve	0	0	0	0
Less: Transfer to Reserves	0	0	0	0
Less: Dividend paid on Equity Shares	0	184.56	0	184.56
Less: Dividend paid on Preference Shares	0	0	0	0
Less: Dividend Distribution Tax	0	0	0	0
Balance carried forward	2,686.42	1,675.94	2,679.62	1,675.70

2. REVIEW OF OPERATIONS:

Revenues – Standalone

During the year under review, the Company has recorded a total income of Rs. 5,930.49 Mn and net profit of Rs 1040.75 Mn as compared to a total income of Rs. 3,307.59 Mn and net profit of Rs. 608.81 Mn achieved in the previous financial year.

Revenues – Consolidated

During the year under review, the Company has recorded a total income of Rs. 5932.28 Mn and a net profit of Rs 1,034.19 Mn as compared to total income of Rs. 3,307.59 Mn and net profit of Rs. 608.74 Mn achieved in the previous financial year.

3. BUSINESS UPDATE AND STATE OF COMPANY'S AFFAIRS:

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

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

During the period under review and the date of Board's Report there was no change in the nature of Business. However, the Company has undertaken design and development of Small Satellite Launch Vehicle (SSLV) during this year.

5. RESERVES:

The Closing balance of reserves, including retained earnings, of the Company as at March 31st 2023 is Rs.5900.53 in Millions.

6. DIVIDEND

The Company has not paid any dividend during the year.

In terms of Regulation 43A of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Dividend Distribution Policy was adopted to set out parameters and circumstances that will be taken into account by the Board while determining the distribution of dividend to the shareholders. The Policy is available on the website of the Company under the weblink mtar.in/investor-relations/corporate-governance/policies-related-documents/

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

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

8. BOARD MEETINGS:

The Board of Directors duly met six (06) times during the financial year from 1st April 2022 to 31st March 2023. The dates on which the meetings were held are 10th May 2022, 24th May 2022, 09th August 2022, 02nd November 2022, 21st December 2022 and 09th February 2023. All the meetings were conducted through Physical mode and arrangement for Audio visual means was also made for those directors who didn't attend the meeting by physical mode during the FY 2022-23.

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

a) Appointments:

S. No	Name of the Director/KMP/ Officer	Designation	Date
1.	Mr. Anushman Reddy	Whole Time Director	09.08.2022
2.	Mr. A. Praveen Kumar Reddy	Whole Time Director	09.08.2022
3.	Mr. Raja Shekar Bollampally	Chief Operating Officer	03.05.2023

b) Resignations:

S. No	Name of the Director/KMP/ Officer	Designation	Date
1.	Mr. Mathew Cyriac	Nominee Director	10.05.2022
2.	Mr. Devesh Dhar Dwivedi	Chief Operating Officer	24.01.2023
3.	Mr. Nagarajan Vedachalam	Independent Director	09.02.2023

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

c) Information u/r 36(3) of SEBI (LODR), Regulations, 2015:

As required under regulation 36 (3) of the SEBI (LODR), Regulations, 2015, brief particulars of the Directors seeking appointment/re-appointment are given as **Annexure A** to the notice of the AGM forming part of this Annual Report.

10. REVISION OF FINANCIAL STATEMENTS

There was no revision of the financial statements for the year under review.

11. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with both the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and under Regulation 16(1)(b) read with Regulation 25 of the SEBI (LODR), Regulations, 2015.

In compliance with Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014, all the PIDs of the Company have registered themselves with the Indian Institute of Corporate Affairs (IICA), Manesar

and have included their names in the data-bank of Independent Directors within the statutory timeline.

The Independent Directors have also confirmed that they have complied with Schedule IV of the Act and the Company's Code of Conduct.

In terms of Regulation 25(8) of the SEBI (LODR), Regulations, 2015, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

During the year, Independent Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fee, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board of Directors and Committee(s).

12. AUDIT COMMITTEE RECOMMENDATIONS:

During the year, all recommendations of Audit Committee were approved by the Board of Directors.

13. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

Independent Directors are familiarized about the Company's operations and businesses. Interaction with the Business heads and key executives of the Company is also facilitated. Detailed presentations on important policies of the Company is also made to the directors. Direct meetings with the Chairman are further facilitated to familiarize the incumbent Director about the Company/its businesses and the group practices. The details of the familiarization programme of the Independent Directors are available on the website of the Company at the link : <https://mtar.in/>

14. BOARD EVALUATION

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

Performance of the Board and Board Committees was evaluated on various parameters such as structure, composition, diversity, experience, corporate governance competencies, performance of specific duties and obligations, quality of decision-making and overall Board effectiveness. Performance of individual Directors was evaluated on parameters such as meeting attendance, participation and contribution, engagement with colleagues on the Board, responsibility towards

stakeholders and independent judgement. All the Directors were subjected to evaluation.

The Board discussed the performance evaluation reports of the Board, Board Committees and Individual Directors. The Board upon discussion noted the suggestions / inputs of the Directors. Recommendations arising from this entire process were deliberated upon by the Board to augment its effectiveness.

The detailed procedure followed for the performance evaluation of the Board, Committees and Individual Directors is enumerated in the Corporate Governance Report.

15. POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION AND OTHER DETAILS:

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

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

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

16. DIRECTORS' RESPONSIBILITY STATEMENT

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

- a. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. That the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. That the Directors have prepared the annual accounts on a going concern basis:

e. That the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f. That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

17. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

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

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

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

Magnatar Aero Systems Private Limited is the wholly owned subsidiary Company of Company incorporated on 04.11.2019 and is non-operational.

MTAR has acquired 100% stake in Gee Pee Aerospace and Defence Private Limited on 02nd June 2022 by entering into Share Purchase Agreement, making it a wholly owned subsidiary which was incorporated on 20.06.1988.

As per the provisions of Section 129 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, a separate statement containing the salient features of the financial statements of the subsidiary companies is prepared in Form AOC-1 and is attached as **Annexure -IX** and forms part of this report.

19. ANNUAL RETURN:

As required pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return is a part of this Annual Report also disclosed on the website www.mtar.in.

20. BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

As per stipulated under Regulation 34 of the SEBI (LODR), Regulations, 2015, the Business Responsibility & Sustainability Report describing the initiatives taken by the Company from an environmental, social and governance perspective forms part of this Annual Report and is annexed as **Annexure I**

21. AUDITORS

a. Statutory Auditors

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

Statutory Auditors Report

The Board has duly reviewed the Statutory Auditor's Report on the Accounts for the year ended March 31, 2023 and has noted that the same does not have any reservation, qualification or adverse remarks. However, the Board decided to further strengthen the existing system and procedures to meet all kinds of challenges and growth in the coming years.

b. Secretarial Auditor

Pursuant to the provisions of Section 134(3) (f) & Section 204 of the Companies Act, 2013, the Board has appointed M/s. S.S Reddy & Associates, Practicing Company Secretaries has undertaken Secretarial Audit of the Company for financial year ending 31.03.2023. The report of the Secretarial Auditor is enclosed herewith vide **Annexure-II** of this Report.

Secretarial Audit Report

The Board has duly reviewed the Secretarial Audit Report for the year ended March 31, 2023 on the Compliances according to the provisions of Section 204 of the Companies Act, 2013 and has noted that during the year, the Company does not have any reservation, qualification or adverse remarks.

Annual Secretarial Compliance Report

The Company has filed the Annual Secretarial Compliance Report for the year 2022-23 with the BSE Ltd and National Stock Exchange of India Limited, The report was received from a Practicing Company Secretary and filed within the stipulated time as specified under Regulation 24A of the SEBI (LODR) Regulations.

c. Cost Auditor

Your Company maintained the required cost records as specified by the Central Government under sub-section (1) of section 148 of the Act.

On the recommendation of the Audit Committee, the Board of Directors appointed M/s Sagar & Associates., Cost Accountants (Registration No. 000118) as Cost Auditors of the Company for financial year ending 31st March 2023. The relevant cost audit reports for FY2021-22 were filed within the stipulated timeline and the cost audit report for FY2022-2023 will also be filed within the timeline.

The remuneration of Cost Auditors has been approved by the Board of Directors on the recommendation of Audit Committee and in terms of the Companies Act, 2013 and Rules thereunder requisite resolution for ratification of remuneration of the Cost Auditors by the members has been set out in the Notice of the 24th Annual General Meeting of your Company

d. Internal Auditor

The Company has appointed M/s. Seshachalam & Co., Chartered Accountants as Internal Auditors of the Company for the Financial Year 2022-23.

22. NO FRAUDS REPORTED BY STATUTORY AUDITORS

During the Financial Year 2022-23, the Auditors have not reported any matter under section 143(12) of the Companies Act, 2013, therefore no detail is required to be disclosed under section 134(3) (ca) of the Companies Act, 2013.

23. INTERNAL AUDIT AND FINANCIAL CONTROLS

The Company has adequate internal controls consistent with the nature of business and size of the operations, to effectively provide for safety of its assets, reliability of financial transactions with adequate checks and balances, adherence to applicable statutes, accounting policies, approval procedures and to ensure optimum use of available resources. These systems are reviewed and improved on a regular basis.

24. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given loans, Guarantees or made any investments (except for parking excess funds in FDs with Scheduled banks, as and when required) during the year under review attracting the provisions under section 186 of the Companies Act, 2013.

25. RELATED PARTY TRANSACTIONS:

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

All related party transactions that entered into during the financial year were on arm's length basis and were in the ordinary course of business. There were no material significant related party transactions made by the Company with the Promoters, Directors, Key Managerial Personnel or the Senior Management which may have a potential conflict with the interest of the Company at large.

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 in the prescribed Form AOC-2 is appended as **Annexure III** which forms part of this Report.

All related party transactions were placed before the Audit Committee/Board for approval. Prior approval of the Audit Committee was obtained for the transactions which are foreseen and are in repetitive in nature.

26. CONSOLIDATED FINANCIAL STATEMENTS:

The Consolidated Financial Statements of your Company for the year ended March 31, 2023 have been prepared in accordance with the provisions of Section 129(3) of the Companies Act and applicable Accounting Standards and form part of this report.

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

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

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

However, the company has acquired 100% stake in Gee Pee Aerospace and Defence Private Limited on 02nd June 2022 by entering into Share Purchase Agreement, making it a wholly owned subsidiary.

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

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

A. Conservation of Energy:

During the Financial Year 2022-23, your Company strived to imbibe energy conservation principles and initiatives across all its facilities. The other key initiatives across multiple areas are highlighted below –

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

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

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

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

B. Research & Development and Technology Absorption:

1. Research and Development (R&D): During the year the Company developed Bellows which is part of SOFC power unit manufactured by the Company instead of procurement from overseas.

2. Technology absorption, adoption and innovation: NIL

C. Foreign Exchange Earnings and Out Go:

Foreign Exchange Earnings: Rs. 4,506.28 Mn.

Foreign Exchange Outgo: Rs. 3,035.17 Mn.

29. COMMITTEES

(I). AUDIT COMMITTEE

The Company has constituted an Audit Committee which is in line with the provisions of Regulation 18(1) of SEBI (LODR) Regulations with the Stock Exchanges read with Section 177 of the Companies Act, 2013 are included in the Corporate Governance report, which forms part of this report.

(II). NOMINATION AND REMUNERATION COMMITTEE

The Company has constituted Nomination and Remuneration Committee in line with the provisions of Regulation 19(1) of SEBI (LODR) Regulations with the Stock Exchanges read with Section 178 of the Companies Act, 2013 are included in the Corporate Governance report, which forms part of this report.

(III). STAKEHOLDERS RELATIONSHIP COMMITTEE

The Company has constituted Stakeholders Relationship Committee of the Company in line with the provisions of Regulation 20 of SEBI (LODR) Regulations with the Stock Exchanges read with Section 178 of the Companies Act, 2013 are included in the Corporate Governance report, which forms part of this report.

(IV). RISK MANAGEMENT COMMITTEE

The Company had been undertaking the activity of identifying key business and sustainability risks and taking actions to mitigate such risks from time to time. The matters related to risks and their management has been shared with the Board of Directors from time to time. The Company has put in place a Risk management Policy and has constituted a Risk Management Committee of the Board. The details of constitution of the Committee and its terms of reference are set out in the Report on Corporate Governance. The Company has formulated a Risk Management Policy under which various risks associated with the business operations is identified and risk mitigation plans have been put in place.

Risk Management Committee of the Board of Directors of your Company assists the Board in

(a) overseeing and approving the Company's enterprise wide risk management framework; and

(b) overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, market, liquidity, security, property, IT, legal, regulatory, reputational, other risks have been identified and assessed, and there is an adequate risk management infrastructure in place capable of addressing those risks.

(V) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has constituted Corporate Social Responsibility Committee of the Company in line with the provisions of Section 135 of the Companies Act, 2013 are included in the Corporate Governance report, which forms part of this report.

(VI) OTHER COMMITTEES

Other than the above committees, the Company has two other internal non-statutory committees namely Management and Technology Committee.

30. VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has formulated a Vigil Mechanism / Whistle Blower Policy pursuant to Regulation 22 of the Listing Regulations and Section 177(10) of the Companies Act, 2013, enabling stakeholders to report any concern of unethical behavior, suspected fraud or violation.

The said policy inter-alia provides safeguard against victimization of the Whistle Blower. Stakeholders including directors and employees have access to the Managing Director and Chairman of the Audit Committee.

During the year under review, no stakeholder was denied access to the Chairman of the Audit Committee.

The policy is available on the website of the Company at www.mtar.in

31. CORPORATE SOCIAL RESPONSIBILITY (CONTENTS OF CSR POLICY)

The Company has attracted the provisions of Corporate Social Responsibility u/s 135 of Companies Act, and accordingly has formed the CSR committee to foresee the CSR activities, adopted the CSR policy and also created a separate bank account exclusively for CSR. The Corporate Social Responsibility Report is enclosed as **Annexure IV**.

In terms of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended ("CSR Rules") and in accordance with the CSR Policy, during the financial year 2022-23, your Company has spent Rs. 1,17,00,000/- while the total obligation was Rs. 1,17,28,770/- (representing 2 % of the average net profit for the past the three financial years, being FY FY 19-20, FY 20-21 and FY 2021-22). The Total obligation after set off of excess amount of Rs. 1,61,013/- from previous year is 1,15,67,757/-. Areas of Activities taken by the Company were Education, Child Care Centers, Art & Culture, Health Care Centers, voluntary support.

The excess amount of approximately Rs. 1,32,243/- will be set off against the CSR amount to be spent in the subsequent Financial Years.

32. PUBLIC DEPOSITS:

Your Company has not accepted any deposits falling within the meaning of Sec.73, 74 & 76 of the Companies Act, 2013 read with the Rule 8(v) of Companies (Accounts) Rules 2014, during the financial year under review and hence there has been no non-compliance with the requirements of the Act.

DETAILS OF DEPOSITS NOT IN COMPLIANCE WITH THE REQUIREMENTS OF THE ACT:

Since the Company has not accepted any deposits during the Financial Year ended March 31, 2023, there has been no non-compliance with the requirements of the Act.

Pursuant to the Ministry of Corporate Affairs (MCA) notification dated 22nd January 2019 amending the Companies (Acceptance of Deposits) Rules, 2014, the Company shall file with the Registrar of Companies (ROC) requisite returns within the stipulated time in Form DPT-3 for outstanding receipt of money/loan by the Company, which is not considered as deposits.

33. SIGNIFICANT & MATERIAL ORDERS PASSED BY COURTS / REGULATORS / TRIBUNALS:

There are no significant and material orders passed by the regulators /courts that would impact the going concern status of the Company and its future operations

34. DISCLOSURE OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. The Company maintains appropriate system of internal control, including monitoring procedures, to ensure that all assets are safeguarded against loss from unauthorized use or disposition. Company policies, guidelines and procedures provide for adequate checks and balances, and are meant to ensure that all transactions are authorized, recorded and reported correctly.

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

Further, details of internal financial control and its adequacy are included in the Management Discussion and Analysis Report which is appended as **Annexure V** and forms part of Report.

35. INSURANCE

The properties and assets of your Company are adequately insured.

36. CREDIT & GUARANTEE FACILITIES

The Company has availed Working Capital facilities, Bank Guarantees, LCs and Term Loan from HDFC Bank, Export-Import Bank of India and State Bank of India.

37. RISK MANAGEMENT POLICY:

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks and also to identify business opportunities. As a process, the risks associated with the business are identified and prioritized based on severity, likelihood and effectiveness of current detection. Such risks are reviewed by the senior management periodically. The development and implementation of risk management policy has been covered in the Management Discussion and Analysis, which forms part of this Report.

38. SHARE CAPITAL

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

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

39. CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:

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

40. MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT:

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

41. POLICIES:

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies. All the policies are available on our website www.mtar.in

42. ENVIRONMENTS AND HUMAN RESOURCE DEVELOPMENT:

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

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

43. SECRETARIAL STANDARDS:

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and such systems are adequate and operating effectively. During the year under review, the Company was in compliance with the Secretarial Standards (SS) i.e., SS-1 and SS- 2, relating to "Meetings of the Board of Directors" and "General Meetings", respectively

44. STATUTORY COMPLIANCE:

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

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

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

The Board in its meeting held on 09th August 2022 has reconstituted its Internal Complaints committee (ICC) to provide protection against sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto.

Constitution of Committee:

Name	Designation
J. Srilekha	Presiding Officer
Pusparaj Satpathy	Member
Nidhi Priya*	Member
D Nirmala Rani**	External Member

**Appointed w.e.f 09.08.2022

*Resigned w.e.f. 05.11.2022

All employees are covered under this policy. During the year 2022-2023, there were no complaints received by the Committee.

46. STATEMENT SHOWING THE NAMES OF THE TOP TEN EMPLOYEES IN TERMS OF REMUNERATION DRAWN AND THE NAME OF EVERY EMPLOYEE AS PER RULE 5(2) & (3) OF THE COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014:

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

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

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

47. RATIO OF REMUNERATION TO EACH DIRECTOR:

Under section 197(12) of the Companies Act, 2013, and Rule 5(1) (2) & (3) of the Companies (Appointment & Remuneration) Rules, 2014 read with Schedule V of the Companies Act, 2013 the ratio of remuneration to each director is mentioned in **Annexure VII (a)**

48. CODE OF CONDUCT FOR THE PREVENTION OF INSIDER TRADING:

Pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time, the Company has formulated a Code of Conduct for Prevention of Insider Trading ("Insider Trading Code") and a Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information ("UPSI").

The Code of Practices and Procedures for fair disclosure of UPSI is available on the website of the Company at [https:// www.mtar.in](https://www.mtar.in)

49. DECLARATION BY THE COMPANY

The Company has issued a certificate to its Directors, confirming that it has not made any default under Section 164(2) of the Act, as on March 31, 2023.

50. SECRETARIAL COMPLIANCE

The Company is in compliance with the applicable secretarial compliances.

51. EVENT BASED DISCLOSURES

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

1. Issue of sweat equity share: NA
2. Issue of shares with differential rights: NA
3. Issue of shares under employee's stock option schem:NA
4. Disclosure on purchase by Company or giving of loans by it for purchase of its shares: NA
5. Buy back shares: NA
6. Disclosure about revision: NA
7. Preferential Allotment of Shares: NA

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

No corporate insolvency resolution processes were initiated against the Company under the Insolvency and Bankruptcy Code, 2016, during the year under review.

53. DETAILS OF DIFFERENCE BETWEEN VALUATION AMOUNT ON ONE TIME SETTLEMENT AND VALUATION WHILE AVAILING LOAN FROM BANKS AND FINANCIAL INSTITUTIONS, IF ANY:

During the year under review, there has been no one time settlement of loans taken from banks and financial institutions.

54. MD & CFO CERTIFICATION:

As required Regulation 17(8) read with Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the MD & CFO certification is attached with the annual report as **Annexure VIII**.

55. NON-EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURES:

None of the Independent / Non-Executive Directors has any pecuniary relationship or transactions with the Company which in the Judgment of the Board may affect the independence of the Directors other than sitting fee, commission and reimbursement of expenses.

56. INDUSTRY BASED DISCLOSURES AS MANDATED BY THE RESPECTIVE LAWS GOVERNING THE COMPANY:

The Company is not a NBFC, Housing Companies etc., and hence Industry based disclosures is not required.

57. FAILURE TO IMPLEMENT CORPORATE ACTIONS:

During the year under review, no corporate actions were done by the Company, which have failed to be implemented.

58. CREDIT RATING:

The Company has been awarded A (Stable) credit rating for its long-term fund based/CC/TL and A1 for short term fund based/CC/TL by ICRA. The rating reflects ICRA's expectations that the Company's operational and financial profile will continue to improve backed by its expanding order book position and scale, and it will maintain healthy profit margins as it is the key supplier for many of the products manufactured by it.

The Company also assigned by CRISIL A-/Stable long-term rating and A2+ for short term rating. The rated instrument reflects strong degree of safety and lowest credit risk.

59. AGREEMENTS/MOU ENTERED BY THE COMPANY:

1. Share Purchase Agreement with Gee Pee Aerospace and Defence Private Limited

M/s. MTAR Technologies Limited has entered into Share Purchase Agreement with sellers and M/s. GEE PEE Aerospace & Defence Private Limited dated 02-June-2022 for acquisition of 100% stake in M/s. GEE PEE Aerospace & Defence Private Limited.

2. Memorandum of Understanding (MOU) with Indian National Space Promotion and Authorization Centre (IN- SPACe) to design and develop two Stage to low Earth orbit all liquid small satellite launch Vehicle

MTAR has signed an MoU with Indian National Space Promotion and Authorization Centre (IN-SPACe) for design and development of a Two Stage to Low Earth Orbit All Liquid Small Satellite Launch Vehicle powered by semi cryogenic technology with a payload capacity of 500 kg. Both the parties have entered into framework MoU for various requirements including avionics, sub systems testing, facilitation of launch etc. and any other requirements that might emerge during the course of design, development and launch phase.

The MoU shall remain in force for three years.

MTAR has consistently embraced innovation to indigenize new technologies for India. Now the company is taking a leap forward to graduate from precision engineering to complete system integration by initiating the development of a Two Stage to Low Earth Orbit All Liquid Small Satellite Launch Vehicle project to address a payload of 500 kg in the Low Earth Orbit.

60. ACKNOWLEDGEMENTS:

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

For and on behalf of the Board of
MTAR Technologies Limited

Place: Hyderabad
Date: 17.05.2023

Subbu Venkata Rama Behara
Chairman
(DIN: 00289721)

P. Srinivas Reddy
Managing Director
(DIN: 00359139)

ANNEXURE 1

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (BRSR)

FY 2022-23

Managing Director's Overview- Sustainability



In FY 2022-23, the company has derived nearly 85% of revenue from manufacturing climate positive products as against 77% in FY 2021-22. At MTAR, ESG has been an integral part of our business decision making to power a sustainable future

Dear Stakeholders,

I am delighted to inform our shareholders that we have made significant strides in integrating environmental, social, and governance (ESG) considerations into our operations. Sustainability has been an integral part of our business strategy, and we have been manufacturing climate positive products since our inception. We have always believed that infusing company with purpose can help attract a motivated skilled workforce that drives financial success.

MTAR was established to supply climate positive products for Civil Nuclear Programme to Clean Energy – Civil Nuclear Power and later forayed into Clean Energy Fuel Cells division in 2009. The company has started fabricating critical structures for Clean Energy – Hydel & Waste to Energy sectors. In FY 2022-23, the company has derived nearly 85% of revenue from manufacturing climate positive products as against 77% in FY 2021-22. To contribute further to sustainability by manufacturing products that have positive impact on environment, the company has also initiated discussions with customers that are into Wind Energy, Battery Storage Systems and Hydrogen Storage systems.

Apart from expanding our green product portfolio, the company has focused on several key areas to drive sustainability and create positive impact. One of our major initiative is installation of solar rooftops across EOU and Unit2 that contribute to the majority of our revenues to reduce our carbon footprint. We are working towards installing solar rooftops at our Adibatla unit. In addition, the company has also implemented other energy-efficient practices including replacement of conventional lighting with LED lighting. As a result, the company has started reducing its carbon foot print.

In the past, the company has developed several import substitutes such as ball screws, roller screws, water lubricated bearing, fins, fork lift bases, bellows etc. to reduce emissions by avoiding imports. In FY 2022-23, the company has developed products such as bellows etc. that were previously imported to integrate with power units for Solid Oxide fuel cells, which enables us to reduce emissions by avoiding sea shipments/ airfreight. MTAR is committed to sustainable procurement and responsible sourcing and always procured majority of imported raw materials through sea shipments to contribute to the reduction of emissions. The company has strengthened partnerships with the vendor throughout the value chain in the year under review to create awareness about ESG. MTAR has taken up training session to its vendors about the need for adhering to ethical labour practices, minimizing environmental impacts, and promoting biodiversity conservation. By promoting awareness about sustainability throughout the value chain, the company aims to create a positive ripple effect that extends beyond its own operations.

The company has always focused on fostering a cultural of excellence marked by high people retention. We have a modest attrition of 8.5% as on year ended March 31, 2023. The company firmly believes that the growth of the organisation is dependent on the growth and welfare of our employees. Accordingly, the company places a lot of emphasis on the training our employees and various welfare activities taken up for our employee wellbeing. We have taken up salary correction activity in Q4 FY 2022-23 to ensure the compensation of our employees in on par with or better than the industry average.

Furthermore, we also believe that a diverse workforce drives innovation and leads to better decision-making. Our hiring practices have always been aimed at gender and racial diversity at all levels of the company, however, historically female work force in our overall strength is lower due to the nature of the industry in spite of inclusive human resource policies. In the recent past the company has taken up special initiatives to enhance gender diversity by increasing the number of women in the organisation at all levels and is working on improving it further. The company's believes that a diverse workforce drives innovation and leads to better decision-making goal. We target to create an environment where every employee feels valued, respected, and empowered to reach their full potential; the company promotes training programs and takes up activities to promote a culture of belonging. The company believes that up-lifting of communities is essential for an inclusive and equitable growth. We have contributed to Rs. 11.7 Mn towards various initiatives related to education, skill development, healthcare, eradication of poverty and preservation of cultural heritage through CSR funds in the year under review. Furthermore, the company has adopted two schools to enhance the quality of education by improving the infrastructural facilities.

The company firmly believes that robust corporate governance is essential for the long-term success of a business and we ensure 100% compliance with all the regulatory requirements. At MTAR, our strategic direction is guided by our board, which comprises majority of independent directors. The company has always maintained transparency in providing disclosures to all the stakeholders. It also organises regular



MTAR has been rated good by Dun & Bradstreet for the companies practices on Environmental, Social & Governance aspects

trainings sessions on corporate governance and business code of conduct to all the stakeholders including the directors on the board, KMPs and employees.

The company has always taken measures to integrate sustainability into our business model with an aim to impact different aspects of it, however, we understand that the ever-changing landscape of sustainability requires us to continually adapt and find innovative solutions. MTAR understands the imperative need to address various issues such as reduction of carbon emissions, water management, waste management, work place diversity, and biodiversity. The company believes that addressing these challenges requires collaborative efforts from all the stakeholders, and hence, MTAR has been engaging with all the stakeholders including vendors, industry partners, NGOs etc.to accelerate progress by

driving collective action.

The company envisions to be 100% complaint with ESG and charted out a clear road map for sustainability over the coming years. The company shall continue to integrate sustainability into its business strategies and operations, focusing on expansion of Clean Energy verticals, implementation of circular economy principles, renewable energy adoption, and community engagement.

MTAR is in discussion with various customers in Clean Energy to increase its green product portfolio and shall be carrying out project specific investments to develop sustainable products. Furthermore, the company is exploring business models to prioritize resource efficiency, and aims to leverage technology to enhance our environmental monitoring and reporting capabilities.

I would like to express my gratitude to our

board, our employees, customers, suppliers and partners who have extended their immense support in the company’s sustainability journey thus far. Our stakeholders have a key role to play in our emergence of MTAR as a Clean Energy player that constitutes 85% of revenues of the firm and their commitment and passion have been instrumental in driving positive change. Together, the company looks forward to power a sustainable future over the coming decades.

Srinivas Reddy
Managing Director

SECTION A: GENERAL DISCLOSURES

I. DETAILS OF THE LISTED ENTITY

1	Corporate Identity Number (CIN) of the Company	L72200TG1999PLC032836
2	Name of the Company	MTAR TECHNOLOGIES LIMITED
3	Year of Incorporation	1999
4	Registered Office Address	18, Technocrats Industrial Estate, Balanagar , Hyderabad, Telangana-500037
5	Corporate Office Address	18, Technocrats Industrial Estate, Balanagar , Hyderabad, Telangana-500037
6	E-Mail	info@mtar.in
7	Telephone	040 4455 3333
8	Website	www.mtar.in
9	Financial Year for which Reporting is being done	2022-2023
10	Name of the Stock Exchange(s) where shares are listed	a. National Stock Exchange of India Limited (NSE) b. BSE Limited (BSE)
11	Paid-up Capital	Rs. 30.759 Cr
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BSR report	Mr. Shubham Sunil Bagadia email address: shubham.bagadia@mtar.in Contact No: 040-44553333/23078312
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Disclosures made in this report are on a standalone basis and pertain only to the Company

II. PRODUCTS/SERVICES

14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing and precision Engineering	The Company offers products and customized precision engineering solutions and caters to customers in strategic sectors including Civil Nuclear Power, Space & Defence and Clean energy. The company is a one stop solution for all manufacturing processes such as advanced machining, specialized fabrication, assembly and testing, surface treatment and special processes	100

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Manufacture and Machining of high precision for aerospace, aircraft, spacecraft components.	30305	21.5%
2	Manufacture of generators/generating sets for clean energy using hydrogen fuel cell technology	31101	78.5%

III. OPERATIONS
16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of Plants	Number of offices	Total
National	7	0	7
International	0	0	0

17. Markets served by the entity:
a. Number of Locations

Locations	Number
National (No. of States)	12
International (No. of Countries)	2

b. What is the contribution of exports as a percentage of the total turnover of the entity?

78.50%

c. A brief on types of customers

The Company's business is manufacturing of mission critical precision components for aerospace, space, defence, clean energy and civil nuclear sectors. Some of its major clients include Indian Civilian Nuclear Power Program, Indian Space Program, Indian and Global Defence industry as well as Global Clean Energy sectors.

IV. EMPLOYEES
18. Details as at the end of Financial Year:
a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	%(B/A)	No. (C)	%(C/A)
EMPLOYEES						
1	Permanent (D)	555	532	95.8%	23	4%
2	Other than Permanent (E)	51	50	98%	1	2%
3	Total employees (D + E)	606	582	96%	24	4%

24. Overview of the entity's material responsible business conduct issues

Material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Energy Management	Opportunity	Processes and Systems are in place to ensure maximum energy efficiency	The company has installed solar panels for power generation and extensively uses LED lighting for efficient energy management	Positive Implication The company believes that the cost incurred during this process will help us in the future to reduce the day to day energy costs
2	Majority business is in Clean Energy Sector	Opportunity	With increasing focus on global climate challenges resulting in a shift towards cleaner /renewable sources of energy, this provides us an opportunity to contribute towards the global climate effort while securing an early mover advantage in the domain.	This being an emerging field on a global scale, no risk to the business is anticipated. Further, the company continues to be a strategic partner to its other existing as well as new customers in the fields of aerospace, civil nuclear power and heavy fabrication.	Positive Implication Apart from very healthy contributions to the company's revenues on an increasing trend, this has established us as one of the very few players in this field. Our clean energy business also contributes towards our ESG goals in terms of positively impacting global climate change.
3	Workplace health and Safety	Opportunity	Prevention of work-related Injuries, Health of the employees has a great deal of importance	Provision of safety shoes, goggles and PPE kits to applicable employees. Availability of medical assistance at all times.	Positive Implication Employee safety helps in improving performance of employees Providing a safe environment to minimize any accidents and compensation pays.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

P1	Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.
P2	Businesses should provide goods and services in a manner that is sustainable and safe.
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains.
P4	Businesses should respect the interests of and be responsive to all its stakeholders.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect and make efforts to protect and restore the environment.
P7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
P8	Businesses should promote inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
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Policy and management processes

1	a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes, it is covered under The code of conduct	EOHS policy addresses product life cycle sustainability	EOHS, Code of Conduct, Human Rights Policies address Employee wellbeing	EOHS, Community Grievance, and Code of Conduct address stakeholder engagement	Yes	Yes	NA	Yes	EOHS, Code of Conduct, Quality, and Energy Conservation
	b. Has the policy been approved by the Board? (Yes/No)	Yes								
	c. Web Link of the Policies, if available	https://mtar.in/investor-relations/corporate-governance/policies-related-documents/								
2	Whether the entity has translated the policy into procedures. (Yes / No)	Yes								
3	Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes								
4	Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	The company has qualified for various management and quality standards such as <ul style="list-style-type: none"> •AS9100D •ISO 9001:2015 •ISO 45001:2018 •ISO/IEC 27001 : 2013 •ISO 14001:2015 •NADCAP 								

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
5 Specific commitments, goals and targets set by the entity with defined timelines, if any	The company has taken up targets internally across all the cross-functional teams to reduce energy consumption, use of raw materials, have zero accidents, increase diversity and inclusion, taking up more community development activities and embedding ESG values into all the business segments.								
6 Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	The company has installed solar power capacity for reducing energy consumption. As an ongoing practice there is constant endeavour to reduce the consumption of raw materials which is advantageous economically and sometimes a technical requirement as well. The company is an equal opportunity employer and does not discriminate based on gender, religion, region, caste or sexual orientation in its recruitment or internal evaluations. We seek to enhance diversity by encouraging a cosmopolitan all-inclusive workforce and have increased the number of female employees.								
Governance, leadership and oversight									
7 Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements	Please refer "Message from Managing Director"								
8 Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Pusparaj Satpathy / pusparaj.satpathy@mtar.in/040-44553333/23078312								
9 Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes. The Company's BR policies are implemented by the Managing Director of the company. The CSR Committee and the Risk Management Committee evaluate sustainability related issues, from time to time.								

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	All the policies of the company are approved and reviewed periodically by the board on need basis. During the review process effectiveness is evaluated and the new trends in markets are considered based on which amendments are made as may be necessary.																	
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	The Company complies with the extant regulations and principles as are applicable from time to time.																	

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	Yes Assessed by Dun & Bradstreet																	

12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles material to its business (Yes/No)	NA								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	NA								
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	NA								
It is planned to be done in the next financial year (Yes/No)	NA								
Any other reason (please specify)	NA								

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1**BUSINESS SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE****ESSENTIAL INDICATORS****1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:**

Segment	Total number of training and awareness programmes held	Topics/Principles covered under the training and its impact	% age of persons in respective category covered by the awareness
Board of Directors	1	Code of Conduct, Whistle-blower Policy of the Company, Human Rights Policies of the Company, Safety and sustainability training	100 %
Key Managerial Personnel	2	Code of Conduct, Whistle-blower Policy of the Company, Human Rights Policies of the Company, Safety and sustainability training	100 %
Employees other than BoD and KMPs	4	Code of Conduct, Whistle-blower Policy of the Company, Human Rights Policies of the Company, Safety and sustainability training	75%
Workers	4	Code of Conduct, Whistle-blower Policy of the Company, Human Rights Policies of the Company, Safety and sustainability training	75 %

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine			Nil		
Settlement			Nil		
Compounding Fee			Nil		
Non-Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)	
Imprisonment			Nil		
Punishment			Nil		

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Nil	Nil

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Although MTAR does not have a detailed anti-corruption or anti-bribery policy, the code of conduct and ethics policy compels the employees to be ethical transparent and accountable, the whistle-blower policy enables the employees and external Stakeholders to eliminate malpractices such as bribery and Corruption these policies are applicable to all Directors, KMPs, employees, workers.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY-23 (Current Financial Year)	FY-22 (Previous Financial Year)
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. Details of complaints with regard to conflict of interest:

	FY-23 (Current Financial Year)		FY-22 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil	Nil	Nil
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	Nil	Nil	Nil

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest

Not Applicable

LEADERSHIP INDICATORS

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	% age of value chain partners covered (by value of business done with such partners) under the awareness programmes
3	1.Compliance & Ethics 2.Human rights 3.Safety & Sustainability	70%

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes, the Company's Code of Conduct requires the members of board, and employees to avoid circumstances where their personal interests could conflict with the interests of the Company. The Directors of the Company are required to disclose to the Board, on an annual basis, whether they, directly or indirectly or on behalf of third parties, have material interest in any transaction or matter directly affecting the Company.

PRINCIPLE 2**BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE****ESSENTIAL INDICATORS**

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.:

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R&D	-	-	-
Capex	1.40%	11.24%	The investment has been towards various sustainability projects such as installation of solar plant , occupational health & safety improvement programmes, in-house machine manufacturing to reduce import of machinery, in-house development of erstwhile imported components for import substitution etc

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes

b. If yes, what percentage of inputs were sourced sustainably?

The company has consistently focussed on feasible sustainable sourcing and ensured that more than 95% of the raw materials, unrefined components and finished goods are shipped through sea, limiting air shipments to reduce emissions. Our supply chain team practices volume consolidation by assessing lead times, minimum order quantities and import multiple raw material in a solitary shipment ideally by sea. We attempt to reuse transportation containers for up to 5 to 10 shipments to limit the consumption of resources.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

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

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

EPR isn't applicable to the company as we do not manufacture any consumer products, there is no specific plastic, electrical and electronic item produced where EPR is pertinent under E-waste Management.

LEADERSHIP INDICATORS

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product/ Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No). If yes, provide the web-link.
No. The company has not led any sort of Life Cycle Assessments for products.					

% of employees covered by											
Category	Total (A)	Health Insurance		Accident Insurance		Maternity benefits		Paternal benefits		Day Care Facilities	
		Number (B)	% B/A	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Other than Permanent employees											
Male	50	-	-	-	-	-	-	-	-	-	-
Female	1	-	-	-	-	-	-	-	-	-	-
Total	51	-	-	-	-	-	-	-	-	-	-

b. Details of measures for the well-being of workers:

% of employees covered by											
Category	Total (A)	Health Insurance		Accident Insurance		Maternity benefits		Paternal benefits		Day Care Facilities	
		Number (B)	% B/A	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	515	515	100	515	100	-	-	-	-	-	-
Female	0	0	0	0	0	-	-	-	-	-	-
Total	515	515	100	515	100	-	-	-	-	-	-
Other than Permanent workers											
Male	432	-	-	-	-	-	-	-	-	-	-
Female	0	-	-	-	-	-	-	-	-	-	-
Total	432	-	-	-	-	-	-	-	-	-	-

2. Details of retirement benefits, for Current Financial Year and Previous Financial Year.

Benefits	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A)
PF	100%	100%	Y	100%	100%	Y
Gratuity	84%	46%	Y	90%	64.5%	Y
ESI	32%	38%	Y	10.75%	23.0%	Y
Others please specify	-	-	-	-	-	-

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard

Yes, most of the Company's permanent office buildings and manufacturing locations are accessible to differently abled employees and workers. Such arrangements include easily accessible offices, entrances, doors and availability of ramps and elevators etc.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

The code of conduct provides guidelines for ensuring fairness and acting against discrimination on the basis of disability, race, gender, religion, region, age, or any other factors.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent employees	
	Return to work rate	Retention Rate	Return to work rate	Retention Rate
Male	100%	100%	100%	100%
Female	None availed during the period.	None availed during the period.	NA	NA
Total	100%	100%	100%	100%

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes Grievance redressal mechanism is available to all employees as well as stakeholders with procedure for raising of grievances /complaints as well as their escalation and redressal. The same is detailed in the Code of Conduct of the Company.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY-23(Current Financial Year)			FY-22(Previous Financial Year)		
	Total employees/ workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B /A)	Total employees / workers in respective category (C)	No. of employees /workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	555	0	0%	448	0	0%
Male	532	0	0%	435	0	0%
Female	23	0	0%	13	0	0%
Total Permanent Workers	515	515	100%	536	536	100%
Male	515	515	100%	536	536	100%
Female	0	0	0%	0	0	0%

8. Details of training given to employees and workers:

Category	FY-23(Current Financial Year)					FY-22(Previous Financial Year)				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% B/A	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	532	404	76 %	345	65 %	435	391	90 %	174	40%
Female	23	23	100 %	15	67 %	13	13	100 %	7	54%
Total	555	427	77 %	360	65 %	448	404	90 %	181	40%
Workers										
Male	947	852	90%	492	52 %	831	748	90%	208	25%
Female	0	0	0%	0	0%	0	0	0%	0	0%
Total	947	852	90%	492	52%	831	748	90%	208	25%

9. Details of performance and career development reviews of employees and worker:

Category	FY-23(Current Financial Year)			FY-22(Previous Financial Year)		
	Total (A)	No. (B)	% (B /A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	582	384	66 %	435	274	63%
Female	24	12	50 %	13	6	46%
Total	606	396	65 %	448	280	62.5%
Workers						
Male	947	947	100%	831	831	100%
Female	0	0	0	0	0	0
Total	947	947	100%	831	831	100%

10. Health and safety management system:**a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?**

Yes, occupational health and safety management system has been implemented and the company is certified for ISO 45001:2018

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The Company has risk management process in place which has five steps-Identification, Assessment, Mitigation, Monitoring and Reporting All the stakeholders involved participate in the risk assessment, after the analysis plans are drawn, documented and implemented along the timelines.

c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

Yes, the Company has processes for workers to report work related hazards for mitigating such risks

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, The Workers of the company have access to non-occupational medical and healthcare services and are also covered under Group Medical as well as Accident Insurance Policies by the Company.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY-23 (Current Financial Year)	FY-22 (Previous Financial Year)
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	3.28	5.21
Total recordable work related injuries	Employees	0	0
	Workers	11	15
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

The Management is strongly committed towards EHS by having risk management process in place to identify hazards and act towards minimising risk. The risk management process has five steps-Identification, Assessment, Mitigation, Monitoring and Reporting. All the stakeholders involved participate in the risk assessment as well as implementation of mitigation measures.

13. Number of Complaints on the following made by employees and workers:

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions			Nil			
Health & Safety			Nil			

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

All the safety related incidents are investigated properly as per the defined process. Appropriate corrective as well as preventive actions in line with our EHS standards are designed and implemented after Root Cause analysis is done.

LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)

Employees	No
Workers	Yes

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company ensures that all relevant clauses relating to statutory compliance are met. These are a standard feature in our contracts / orders and bills are processed subject to compliance requirements being met.

3. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable	
	FY-23 (Current Financial Year)	FY-22 (Previous Financial Year)	FY-23 (Current Financial Year)	FY-22 (Previous Financial Year)
Employees	Nil	Nil	Nil	Nil
Workers	Nil	Nil	Nil	Nil

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

The Company provides transition assistance programmes to facilitate continued employability and the management of careers till retirement.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and Safety Practices	Assessment of value chain partners on the aspects of health and safety and workplace conditions is currently not in practice.
Working Conditions	

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

All the safety related incidents are investigated properly as per the defined process. Appropriate corrective and preventive action plans are designed and implemented.

Health & Safety

- Adequate provision of First aid boxes, fire prevention & control equipment and engineering control are put in place to maintain a safe working atmosphere.
- Providing appropriate PPE to all the employees and ensuring proper usage along with requisite training and awareness campaigns.

Working Conditions

- Employees getting paid with legal minimum wages
- Providing benefits like PF, ESI, Gratuity and Bonus etc to eligible employees

PRINCIPLE 4

BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS

ESSENTIAL INDICATORS

1. Describe the processes for identifying key stakeholder groups of the entity.

Any individual or group of individuals that enhance the value of the company, influence operations and activities in the company, regulate the market, directly or indirectly while being committed to ESG regulations and aiding in local area advancements are considered as stakeholders. To accomplish compelling stakeholder engagement, we conduct tenacious evaluations and connect with them on calls one on one to gauge their perspectives and limit risks, develop validity and gain their trust.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	N	Email, Notice boards, Intranet	Regularly	MD/CEO communications, Communication and Training Sessions with Unit Heads Training Programs, employee centric initiatives.
Community	N	Interviews, Answering queries. E-Mails Website	Need based	We contribute on an on-going basis to community initiatives like child-care, health and education through our partners like St Jude India Child care centres, Sri Satya Sai Annapoorna Trust, Parampara Foundation, Learning space foundation, Grace Foundation, Abhayajyothi Society for Empowerment of People, distributing sanitary napkins for under privileged women. In addition, we recruit apprentices from college and train them on various manufacturing technologies and we carry out relationship building programs through colleges.
Suppliers	N	Email	Regularly	Queries and grievance redressal and supply chain management meetings with Head SCM.
Investors or external channels	N	Email, Website, Newspaper	Regularly	Monthly board MIS prior to listing, E-mail Communications, Annual reports, Analyst meets post listing, official news releases and presentations.
Shareholders	N	Email, Website, Newspaper	Quarterly	Dividend Updates and performance progress of the entity

LEADERSHIP INDICATORS**1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

Quarterly performance updates and reviews are conducted by the respective committees on these topics and consolidated performance report and outcome are presented in the board meeting on quarterly basis. The company is conducts regular stakeholder engagement exercises from time to time. As per the respective concern, the various committees of the Board meet periodically to review the progress of the company in respective areas.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes. Materiality assessment and stakeholder inputs are taken forward to identify material topics of concern on ESG topics. Based on the significance of these concerns, strategy development, policy formulation and monitoring mechanisms are developed and implemented.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.

We contribute on an on-going basis to community initiatives like childcare, health and education through our partners like St Jude India Child care centres, Sri Satya Sai Annapoorna Trust, Parampara Foundation, Learning space foundation ,Grace Foundation, Abhayajyothi Society for Empowerment of People, distributing satinary napkins for under privileged women. In addition, we recruit apprentices from college and train them on various manufacturing technologies and we carry out relationship building programs through colleges.

PRINCIPLE 5**BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS****ESSENTIAL INDICATORS****1. Employees and workers who have been provided training on human rights issues and policy (ies) of the entity, in the following format:**

Category	FY-23(Current Financial Year)			FY-22(Previous Financial Year)		
	Total (A)	No. of employees /workers covered (B)	% (B /A)	Total (C)	No. of employees /workers covered (D)	% (D/C)
Employees						
Permanent	555	416	75%	448	336	75%
Other than permanent	51	36	72%	45	32	72%
Total Employees	606	452	75%	493	368	75%
Workers						
Permanent	515	443	86%	536	428	80%
Other than permanent	432	341	79%	295	221	75%
Total Workers	947	784	82%	831	649	78%

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY-23(Current Financial Year)					FY-22(Previous Financial Year)				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	532	532	100%	532	100%	435	435	100%	435	100%
Female	23	23	100%	23	100%	13	13	100%	13	100%
Other than Permanent										
Male	51	51	100%	51	100%	45	45	100%	45	100%
Female	1	1	100%	1	100%	0	0	100%	0	100%
Workers										
Permanent										
Male	515	515	100%	515	100%	536	536	100%	536	100%
Female	0	0	-	0	-	0	0	-	0	-
Other than Permanent										
Male	432	432	100%	432	100%	295	295	100%	295	100%
Female	-	-	-	-	-	-	-	-	-	-

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	8#	26,10,000.00	1*	24,70,000.00
Key Managerial Personnel	2##	89,80,000.00	0	0
Employees other than BoD and KMP	578	36,800.00	24	32,350.00
Workers	947	24,794	0	0

Includes Managing Director and Executive director and Independent directors

Includes Chief Financial Officer and Company Secretary

* Only one Female Director- Total remuneration paid is considered

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

The Managing Director of the Company addresses all human rights impacts of the business.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

All grievances received are recorded, duly analysed, investigated and suitable actions as appropriate are taken to resolve them.

6. Number of Complaints on the following made by employees and workers:

	FY-23 Current Financial Year			FY-22 Current Financial Year		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual Harassment	Nil	Nil	Nil	Nil	Nil	Nil
Discrimination at workplace	Nil	Nil	Nil	Nil	Nil	Nil
Child Labour	Nil	Nil	Nil	Nil	Nil	Nil
Forced Labour/ Involuntary Labour	Nil	Nil	Nil	Nil	Nil	Nil
Wages	Nil	Nil	Nil	Nil	Nil	Nil
Other human rights related issues	Nil	Nil	Nil	Nil	Nil	Nil

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Company has policies in place such as Prevention of Sexual Harassment Policy, Code of Conduct which require employees to behave responsibly in their action and conduct. The Whistle Blower policy allows the employees to report incidents which are unethical or discriminatory. The Company also has an Internal Complaints Committee for the protection of women at workplace.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Adherence to required compliance including child labour, forced labour and human rights form a part of the Company's business agreements and contracts.

9. Assessments of the year

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100 %.
Forced/involuntary labour	
Sexual harassment	The Company has Policies in place to address these issues and their implementation is directed towards adherence to applicable laws and upholding the spirit of a fair, safe and equitable workplace.
Discrimination at workplace	
Wages	
Others – please specify	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

No significant risks / concerns.

LEADERSHIP INDICATORS

1. Details of a business process being modified / introduced as a result of addressing human rights grievances /complaints.

No complaints have been received for human rights violation.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

The organization adheres to the standards and approaches laid out for the employees, workers and associates, which are extended across the value chain partners representatives. All the concerned entities adhere to the ethical conduct of business.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Most of the Company's permanent office buildings and manufacturing locations are accessible to differently abled employees and workers. Such arrangements include easily accessible offices, entrances, doors and availability of ramps and elevators etc.

4. Details on assessment of value chain partners:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Sexual harassment	Currently this is not under assessment.
Discrimination at workplace	
Child labour	
Forced/involuntary labour	
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above

Not Applicable

PRINCIPLE 6

BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT

ESSENTIAL INDICATORS

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY-23 (Current Financial Year)	FY-22 (Previous Financial Year)
Total electricity consumption (A)	42,696.24 Gigajoules	35,732.40 Gigajoules
Total fuel consumption (B)	897.17 Gigajoules	985.34 Gigajoules
Energy consumption through other sources (C)	3529.99 Gigajoules	3558.78 Gigajoules
Total energy consumption (A+B+C)	47,123.40 Gigajoules	40,276.52 Gigajoules
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	82.13 (Gigajoules/INR crores)	125.07 (Gigajoules/INR crores)
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **(N)**

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No. The Company is not identified as designated consumer under the Performance Achieve and Trade (PAT) Scheme of the Government of India.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY-23 (Current Financial Year)	FY-22 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(I) Surface water	12,960	8,546
(ii) Groundwater	41,786	40,636
(iii) Third party water	0	0
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	54,745.60	50,182
Total volume of water consumption (in kilolitres)	54,745.60	50,182
Water intensity per rupee of turnover (Water consumed / turnover)	0.01019 L per rupee of turnover	0.01558 L per rupee of turnover
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **(N)**

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

The company implements water conservation through reduce, reuse, recharge and recycle approach, enabling the Company to implement ZLD at its locations.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY-23 (Current Financial Year)	FY-22 (Previous Financial Year)
NOx	MT	The air emission sources are mainly from generators and manufacturing machines which are monitored by the entity and submitted for validation to the Telangana State Pollution Control Board annually in Form-5. All emissions are well within the limits as prescribed by the TSPCB.	
SOx	MT		
Particulate matter (PM)	MT		
Persistent organic pollutants (POP)	MT		
Volatile organic compounds (VOC)	MT		
Hazardous air pollutants (HAP)	MT		
Others-Please specify	MT		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. Assessed by Telangana State Pollution Control Board.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY-23 (Current Financial Year)	FY-22 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Tonnes of CO ₂ equivalent	454	362
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Tonnes of CO ₂ equivalent	5656	4733
Total Scope 1 and Scope 2 emissions per rupee of turnover	Tonnes of CO ₂ /Crore INR	10.64	15.82
Total Scope 1 and Scope 2 emission intensity (optional)-the relevant metric may be selected by the entity	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **(N)**

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details

Some of our products and their development are our major contribution towards clean technology thereby contributing to reduction in global carbon footprint and greenhouse emissions. As part of our green initiative as well as thrust towards renewable energy, we have set up solar rooftop panels across the units for captive power generation and switched over to LED lights.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY-23 (Current Financial Year)	FY-22 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	0	0
E-waste (B)	0	0
Bio-medical waste (C)	0	0
Construction and demolition waste (D)	0	0
Battery waste (E)	0	0
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	Chemical Liquid waste-638Tonnes	Chemical Liquid waste-579 Tonnes
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. By materials relevant to the sector)	Scrap Waste- 833 Tonnes	Scrap Waste-528 Tonnes
Total (A+B + C + D + E + F + G+H)	1472 Tonnes	1107 Tonnes

Parameter	FY-23 (Current Financial Year)	FY-22 (Previous Financial Year)
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	833 Tonnes	528 Tonnes
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	833 Tonnes	528 Tonnes
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	-	-
Total	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **(N)**

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

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

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S. No.	Location of Operations/ Offices	Type of Operations	Whether the conditions of environmental approval/ clearance are being complied with? If no, the reasons thereof and corrective action taken, if any.
Not Applicable			

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
No environmental impact assessments were required based on applicable law.					

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, and Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S. No.	Specify the law / regulation/ guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
1	All the units under the entity are in compliance with the applicable environmental laws/regulations and guidelines as per the national and state level mandates.			

LEADERSHIP INDICATORS

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY-23 (Current Financial Year)	FY-22 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A)	5696.83 Gigajoules	0
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	5696.83 Gigajoules	0
From non-renewable sources		
Total electricity consumption (D)	42,696.24 Gigajoules	35,732.40 Gigajoules
Total fuel consumption (E)	897.17 Gigajoules	985.34 Gigajoules
Energy consumption through other sources (F)	3529.99 Gigajoules	3558.78 Gigajoules
Total energy consumed from non-renewable sources(D+E+F)	47,123.40 Gigajoules	40276.52 Gigajoules

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **(N)**

2. Provide the following details related to water discharged:

Parameter	FY-23 (Current Financial Year)	FY-22 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
No treatment	0	0
With treatment – please specify level of treatment		
(ii) To Groundwater		
No Treatment	0	0
With treatment – please specify level of treatment		
(iii) To Seawater		
No treatment	0	0
With treatment – please specify level of treatment		
(iv) Sent to third-parties		
No treatment	0	0
With treatment – please specify level of treatment		
(v) Others		
No treatment	0	0
With treatment – please specify level of treatment		
Total water discharged (in kilolitres)	0	0

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **(N)**

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information : **NA**

(i) Name of the area

(ii) Nature of operations

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY-23 (Current Financial Year)	FY-22 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	NA	NA
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kilolitres)	NA	NA
Total volume of water consumption (in kilolitres)	NA	NA
Water intensity per rupee of turnover (Water consumed / turnover)	NA	NA
Water intensity (optional) – the relevant metric may be selected by the entity	NA	NA
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water	NA	NA
- No treatment		
- With treatment-please specify level of treatment		
(ii) Into Groundwater	NA	NA
- No treatment		
- With treatment-please specify level of treatment		
(iii) Into Seawater	NA	NA
- No treatment		
- With treatment-please specify level of treatment		
(iv) Sent to third-parties	NA	NA
- No treatment		
- With treatment-please specify level of treatment		
(v) Others	NA	NA
- No treatment		
- With treatment-please specify level of treatment		
Total water discharged (in kilolitres)	NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **(N)**

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY-23 (Current Financial Year)	FY-22 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric Tonnes of CO ₂	1614.39	710
Total Scope 3 emissions per rupee of turnover	Metric tonnes of CO ₂ Equivalent/ Crores INR	2.81	2.20
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **(N)**

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No.	Initiative Undertaken	Details of the initiative (Web link, if any, may be provided along-with summary)	Outcome of the initiative
Please refer to Question 7 of Essential Indicators under Principle 6			

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

The Company has emergency preparedness plans in place to deal with any sort of emergency situations, hazards & risks, including the provision for first aid. Relevant information and Basic training related to emergency preparedness and response is provided to the employees where the duties and responsibilities of various entities are communicated. In case of occurrence of any unfortunate incident in the plant, proper analysis is carried out and appropriate preventive measures are initiated to avoid recurrence in future.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

No significant adverse impact reported from any value chain partners.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

As of now, the Company does not have any formal assessment mechanism to monitor the environmental impact of value chain partners' activities. However The code of conduct and ethics policy is applicable to all the business partners which urges one to align their goals with that of the socio-environment regulations.

PRINCIPLE 7**BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT****ESSENTIAL INDICATORS****1. a. Number of affiliations with trade and industry chambers/ associations.**

3

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S.No	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Confederation of Indian Industry	National
2	Society of Indian Defence Manufacturer	National
3	The Federation of Telangana Chambers of Commerce and Industry	State
4	Export Promotion Council	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of the authority	Brief of the case	Corrective action taken
The company has not engaged in any anti-competitive conduct		

LEADERSHIP INDICATORS**1. Details of public policy positions advocated by the entity:**

S. No	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly/Others– please specify)	Web Link, if available
1	Nil	Nil	Nil	Nil	Nil

PRINCIPLE 8**BUSINESS SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT****ESSENTIAL INDICATORS****1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief details of project	S/A Notification No.	Date of Notification	Whether conducted by independent external agency (Yes/ No)	Results communicated in public domain (Yes/No)	Relevant web link
None of the projects undertaken by the Company in FY 2022-23 required Social Impact Assessments (SIA).					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
NA	NA	NA	NA	NA	NA	NA

3. Describe the mechanisms to receive and redress grievances of the community.

A Grievance redressal policy for the community is in place, including mechanisms and procedure for raising of grievances /complaints as well as their escalation and redressal in line with the Code of Conduct of the Company.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY -23 Current Financial Year	FY-22 Previous Financial Year
Directly sourced from MSMEs/ small producer	Nil	Nil
Sourced directly from within the district and neighbouring districts	Nil	Nil

LEADERSHIP INDICATORS

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Date of negative social impact identified	Corrective action taken
Not Applicable	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (In INR)
1	Telangana	Hyderabad	1.17 Cr

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

No. Ours being a highly technical domain dealing with a niche clientele, the suppliers are often limited to those who are qualified by the customer.

(b) From which marginalized /vulnerable groups do you procure?

Not Applicable

(c) What percentage of total procurement (by value) does it constitute?

Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
1	The Company does not derive any benefits from intellectual properties owned or acquired based on traditional knowledge			

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved

S. No.	Name of authority	Brief of the Case	Corrective action taken
1	Not Applicable		

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Donation to Local Orphanages/NGO's	5000	100 % of the projects undertaken serve beneficiaries who are from the under privileged, backward, vulnerable and marginalised sections of society.

PRINCIPLE 9

BUSINESS SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER

ESSENTIAL INDICATORS

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Consumers/Public are furnished with various choices to interface with the Organization through email, phone, and site. The Company has a committed personnel to respond to their queries and receive feedback in order to improve its services

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Not applicable as the Company has a wide range of product across different segments
Safe and responsible usage	
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Received during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Data privacy	Nil	Nil	Nil	Nil	Nil	Nil
Advertising	Nil	Nil	Nil	Nil	Nil	Nil
Cyber-security	Nil	Nil	Nil	Nil	Nil	Nil
Delivery of essential services	Nil	Nil	Nil	Nil	Nil	Nil
Restrictive Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Unfair Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Other	Nil	Nil	Nil	Nil	Nil	Nil

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	Nil	Nil
Forced recalls	Nil	Nil

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

The Company is certified for ISO/IEC 27001 : 2013 for Information Security and has a policy in place to provide the framework for cyber security.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

None

LEADERSHIP INDICATORS
1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available)

The Company's business offerings can be found on the website- <https://mtar.in/business-segments/>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

All Business segments of the Company comply with the regulations and relevant voluntary codes concerning the communications and pitch designed for the consumers. The Company's communications are aimed to enable the customers to make informed purchase decisions.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

The company works on make to order system, however the Company has necessary mechanisms in place to inform consumers if any major discontinuation happens

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Not applicable, as the Company operates in B2B model.

5. Provide the following information relating to data breaches:**a. Number of instances of data breaches along-with impact**

There were no data breaches during the year

b. Percentage of data breaches involving personally identifiable information of customers

NIL

ANNEXURE II

FORM MR-3

Secretarial Audit Report

**(Pursuant to section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023**

To,
The Members
MTAR Technologies Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by MTAR Technologies Limited (hereinafter called "the Company"). Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the Financial Year commencing from 1st April, 2022 and ended 31st March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st of March, 2023 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under:

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the

extent of Foreign Direct Investment (FDI), Overseas Direct Investment and External Commercial Borrowings;

2. Compliance status in respect of the provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT') is furnished hereunder for the financial year 2022-23:-

i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Complied with yearly and event-based disclosures, wherever applicable.**

ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Amended Regulations 2018; **The Company has framed code of conduct for regulating & reporting trading by insiders and for fair disclosure and displayed the same on the Company's website i.e., <https://www.mtar.in>**

iii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **Not Applicable as the Company has not issued any Capital during the year under review.**

iv. Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **Not Applicable as the Company has not issued any Employee Stock Options during the year under review.**

v. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **Not Applicable as the Company has not issued any non-convertible securities during the year under review.**

vi. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; **Not Applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the year under review. However, the Company has KFin Technologies Limited as its Share Transfer Agent.**

vii. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **Not Applicable as the Company has not delisted/ proposed to delist its equity shares during the year under review.**

viii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **Not Applicable as the Company has not bought back/ proposed to buy-back any of its securities during the year under review.**

ix. **Other applicable laws include the following**

1. Factories Act, 1948
2. Industrial Disputes Act, 1947
3. The Payment of Wages Act, 1936
4. The Minimum Wages Act, 1948
5. Employees' State Insurance Act, 1948
6. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
7. The Payment of Bonus Act, 1965
8. The Payment of Gratuity Act, 1972
9. The Contract Labour (Regulation & Abolition) Act, 1970
10. The Maternity Benefit Act, 1961
11. The Child Labour (Prohibition & Regulation) Act, 1986
12. The Industrial Employment (Standing Order) Act, 1946
13. The Employees' Compensation Act, 1923
14. The Apprentices Act, 1961
15. Equal Remuneration Act, 1976
16. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959

Environmental Laws

1. Water (Prevention and Control of Pollution) Cess Act, 1977;
2. Air (Prevention and Control of Pollution) Act, 1981;
3. Environment (Protection) Act, 1986;

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were complied with to the extent applicable.

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

a) During the year the Company has conducted 6 meetings of the Board of Directors, 6 Meetings of Audit Committee meeting, 4 Meetings of Nomination and Remuneration Committee, 2 Meetings of Risk Management Committee, 1 Meeting of Stakeholder relationship Committee, 1 Meeting of Corporate Social Responsibility Committee and 1 Meeting of Independent Directors.

b) As per the information and explanations provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we report that:

(i) the provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of:

- External Commercial Borrowings were not attracted to the Company under the financial year under report;
- Foreign Direct Investment (FDI) was not attracted to the Company under the financial year under report;
- Overseas Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary abroad was not attracted to the Company under the financial year under report.

(ii) As per the information and explanations provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ADRs or any Commercial Instrument under the financial year under report.

We further report that:

• Mr. Gunneswara Rao Pusarla is the Chief Financial Officer of the Company. Further, Mr. Shubham Bagadia is the Company Secretary and Compliance Officer of the Company.

• The Company has Internal Auditors namely M/s. Seshachalam & Co., Chartered Accountants, Hyderabad and Cost Auditors namely M/s Sagar & Associates

• The website of the Company contains policies as specified by SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and the provisions of Companies Act, 2013.

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act
- Adequate notice of board meeting is given to all the directors along with agenda at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting.
- As per the minutes of the meeting duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.
- We further report that during the year under report, the Company has not undertaken event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. other than those already disclosed to Stock Exchanges i.e, BSE and NSE.
- We, further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- The compliance by the Company of applicable financial laws like Direct and Indirect tax laws has not been reviewed in this audit since the same have been subject to review by statutory financial audit and other designated professionals.

For S.S. Reddy & Associates

S. Sarveswar Reddy

Practicing Company Secretary

M. No. A12611, C.P. No: 7478

UDIN: A012611E000317621

Peer Review Cer. No.: 1450/2021

Place: Hyderabad

Date: 16.05.2023

Annexure A

Annexure to the Secretarial Audit Report

To
The Members of
MTAR Technologies Limited

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we provide a reasonable basis for our opinion.
3. We have relied on the reports given by the concerned professionals in verifying the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company

For S.S. Reddy & Associates

S. Sarveswar Reddy

Practicing Company Secretary

M. No. A12611, C.P. No: 7478

UDIN: A012611E000317621

Peer Review Cer. No.: 1450/2021

Place: Hyderabad

Date: 16.05.2023

ANNEXURE III

Form No. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis : **Not Applicable as all the Related Party Transactions have been entered into at an arm's length basis.**

2. Details of material contracts or arrangement or transactions at arms length basis:

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions:	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any: Approved by Audit Committee and Board Meeting in last Financial Year:
1	Parvat Srinivas Reddy	Remuneration	3 yrs from 01-09-2020 to 01-09-2023	As approved by the Board of Directors	14.08.2020
2	A. Praveen Kumar Reddy	Sitting Fees and Remuneration	3 years from 09-08-2022 to 08-08-2025	As approved by the Board of Directors	09.08.2022
3	Anushman Reddy	Remuneration	3 years from 09-08-2022 to 08-08-2025	As approved by the Board of Directors	09.08.2022
4	Gunneswara Rao Pusarla	Remuneration	Not Defined	As approved by the Board of Directors	08.11.2021
5	Shubham Sunil Bagadia	Remuneration	Not Defined	As approved by the Board of Directors	20.10.2020
6	Venkatasatish kumar Reddy Gangapatnam	Sitting fees	Not Defined	As approved by the Board of Directors	05.12.2020
7	Nagarajan Vedachalam	Sitting fees and Commission	3 yrs from 05-12-2020 to 04-12-2023	As approved by the Board of Directors	05.12.2020
8	B V R Subbu	Sitting fees and Commission	3 yrs from 05-12-2020 to 04-12-2023	As approved by the Board of Directors	05.12.2020
9	A. Krishna Kumar	Sitting fees and Commission	3 yrs from 05-12-2020 to 04-12-2023	As approved by the Board of Directors	05.12.2020
10	Ameeta Chatterjee	Sitting fees and Commission	3 yrs from 05-12-2020 to 04-12-2023	As approved by the Board of Directors	05.12.2020
11	U C Muktibodh	Sitting fees and Commission	3 yrs from 05-12-2020 to 04-12-2023	As approved by the Board of Directors	05.12.2020
12	V.G. Sekaran	Sitting fees and Commission	3 yrs from 05-12-2020 to 04-12-2023	As approved by the Board of Directors	05.12.2020

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions:	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any: Approved by Audit Committee and Board Meeting in last Financial Year:
13	A. Pranay Kumar Reddy	Remuneration	Not Defined	As per Contracts and agreements	NA
14	Magnatar Aero Systems Private Limited	Reimbursable Expenditure incurred on behalf of Magnatar	NA	As per Contracts and agreements	NA
15	Gee Pee Aerospace & Defence Private Limited	Acquisition of 100% shares	With effect from 2nd June 2022	As per share purchase agreement	NA

For and on behalf of the Board of
MTAR Technologies Limited

Place: Hyderabad
Date: 17.05.2023

Subbu Venkata Rama Behara
Chairman
(DIN: 00289721)

P. Srinivas Reddy
Managing Director
(DIN: 00359139)

OTHER THAN ONGOING PROJECT:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent in the current financial Year (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation Through Implementing Agency	
				State	District			Name	CSR Reg. No.
1	Parampara Foundation	Protection of national heritage, art and culture etc	Yes	Hyderabad, Telangana		5,00,000	Yes	NA	NA
2	Abhayajyothi Society for Empowerment of people	Promoting Education among differently abled and other livelihood enhancement projects	Yes	Hyderabad, Telangana		9,24,000	Yes	NA	NA
3	Grace Foundation	Promoting health care including preventive health care	Yes	Hyderabad, Telangana		35,000	Yes	NA	NA
4	Sri Satya Sai Annapoorna Trust	Eradicating hunger, poverty and malnutrition	Yes	Hyderabad, Telangana		5,00,000	Yes	NA	NA
5	St. Jude India ChildCare Centres	Promoting health care including preventive health care	Yes	Hyderabad, Telangana		10,00,000	Yes	NA	NA
6	Government School at Adibatla and Nadargul	Promoting education, including special education	Yes	Hyderabad, Telangana		43,02,584	Yes	NA	NA
7	MTAR Voluntary Week	Eradicating hunger, poverty and malnutrition, Promoting education, empowering women and such other facilities	Yes	Hyderabad, Telangana		15,41,587	Yes	NA	NA
8	Skill Development (Training to Apprentices)	Enhancing Skills	Yes	Hyderabad, Telangana		28,96,829	Yes	NA	NA
	Total					1,17,00,000			

(b) Amount spent in Administrative Overheads: Nil

(c) Amount spent on Impact Assessment, if applicable: NA

(d) Total amount spent for the Financial Year [(a+b+c)] : Rs. 1,17,00,000/-

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (In Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer.
1,17,00,000	NIL	NA	NA	NA	NA

(f) Excess amount for set off, if any:

Sl. No.	Particular	Amount (in Rs)
(i)	Two percent of average net profit of the Company as per sub-section (5) of section 135	1,17,28,770
(ii)	Total amount spent for the Financial Year	1,17,00,000
(iii)	Excess amount spent for the financial year	1,32,243
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	1,61,013
(v)	Amount available for set off in succeeding financial years	1,32,243

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Amount Spent in the Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.		Amount remaining to be spent in succeeding financial years. (in Rs.)	Deficiency
					Amount (in Rs).	Date of transfer.		
1.	NA	0	0	0	0	NA	0	0
	Total	0	0	0	0	NA	0	0

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year

If Yes, enter the number of Capital assets created/acquired: Not Applicable

Furnish the details relating to such assets so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

S. No.	Short Particulars of the property or asset [including complete address and location of the property]	Pin code of the property or asset	Date of Creation	Amount of CSR amount spent	Details of the entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
NA	NA	NA	NA	NA	NA	NA	NA

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal office/ Municipal Corporation/ Gram Panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135.- NA

Sd/-
P. Srinivas Reddy
 Managing Director
 DIN: 00359139

Sd/-
G.V. Satishkumar Reddy
 Chairman CSR Committee
 DIN: 06535717

ANNEXURE V

Management Discussion and Analysis

The Management Discussion and Analysis Report, pursuant to the SEBI (LODR) Regulation that provides an overview of the affairs of the Company, its legal status and autonomy, business environment, mission & objectives, sectoral and segment-wise operational performance, strengths, opportunities, constraints, strategy and risks and concerns, as well as human resource and internal control systems is covered in corporate overview section **(Refer page no. 40 to 55)**

ANNEXURE VI

Corporate Governance

In accordance with Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the report containing the details of Corporate Governance systems and processes at MTAR Technologies Limited as follows:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company's philosophy on Corporate Governance is backed by Principles of Concern, Commitment, Ethics, Excellence and Learning in all its acts and relationships with Stakeholders, Clients, Associates and Community at large. This philosophy revolves around fair and transparent governance and disclosure practices in line with the principles of Good Corporate Governance.

The Corporate Governance Structure in the Company assigns responsibilities and entrusts authority among different participants in the organization viz. the Board of Directors, the Senior Management, Employees, etc. The Company believes that good Corporate Governance is a continuous process and strives to improve the Corporate Governance practices to meet shareholder's expectations.

(a) BOARD DIVERSITY:

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us, retain our competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors. The Board Diversity Policy is available on our website, <https://mtar.in/>.

(b) DATE OF REPORT:

The information provided in the Report on Corporate Governance for the purpose of unanimity is as on 31st March, 2023. The Report is updated as on the date of the report wherever applicable.

2. BOARD OF DIRECTORS:

(a) COMPOSITION AND CATEGORY OF DIRECTORS

The composition of the Board of Directors of the company is an appropriate combination of executive and non-executive Directors with right element of independence. As on date, the Company's Board comprised of 9 (nine) Directors, one Managing Director and 2 (Two) Executive Directors. In addition, there are 5 (Five) Independent Directors including one-woman director and 1 (one) Non Executive Director on the Board. In terms of clause 17(1) (b) of SEBI (LODR) Regulations, 2015, the company is required to have one third of total Directors as independent Directors. The non executive Directors are appointed or re-appointed based on the recommendation of the Nomination and Remuneration Committee which considers their overall experience, expertise and industry knowledge. One third of the Directors other than independent Directors, are liable to retire by rotation every year and are eligible for reappointment, subject to approval by the shareholders.

(b) ATTENDANCE AND DIRECTORSHIPS HELD:

As mandated by the SEBI (LODR) Regulations, 2015, none of the Directors are members of more than ten Board-level committees nor are they chairman of more than five committees in which they are members. Further all the Directors have confirmed that they do not serve as an independent director in more than seven listed companies or where they are Whole-Time directors in any listed Company, they do not serve as independent director in more than three listed companies.

The names and categories of the Directors on the Board, their attendance at Board meeting during the year and at last Annual General Meeting, as also the number of Directorships and Committee memberships held by them in other companies are shown in **Table 1**.

(c) NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS HELD AND DATES ON WHICH HELD:

Date of the Board Meetings: The Board of Directors duly met Six (06) times during the financial year from 1st April 2022 to 31st March 2023. The dates on which the meetings were held are as follows: 10th May 2022, 24th May 2022, 09th August 2022, 02nd November 2022, 21st December 2022 and 09th February 2023. All the meetings were conducted through Physical mode and arrangement for Audio visual means was also made for those directors who were unable to attend the meeting by physical mode during the FY 2022-23.

Table 1

Name of Director	Relationship with another Director	Category	No of Meetings Held	No of Meetings Attended	Whether Attended Last AGM (30.07.2021)	No. of Directorships held in Public Companies#	No. of Committee Membership in Companies@	NO. OF OTHER COMMITTEE Chairmanships
Mr. B.V.R Subbu	NIL	NED & ID	06	06	Yes	03	02	02
Mr. A. Krishna Kumar	NIL	NED & ID	06	06	Yes	04	04	01
Mr. V.G. Sekaran	NIL	NED & ID	06	06	Yes	01	01	Nil
Mrs. Ameeta Chatterjee	NIL	NED & ID	06	05	No	07	04	04
Mr. U.C Muktibodh	NIL	NED & ID	06	05	Yes	01	Nil	Nil
*Mr. Vedachalam Nagarajan	NIL	NED & ID	06	06	Yes	01	Nil	Nil
Mr. P. Srinivas Reddy	NIL	Promoter & ED	06	06	Yes	02	Nil	Nil
**Mr. Mathew Cyriac	NIL	NED & Nominee Director	06	01	NA	06	NA	NA
Mr. G.V Satish Kumar Reddy	NIL	NED & Non – ID	06	05	Yes	01	Nil	01
^Mr. A. Praveen Kumar Reddy	Related to Mr. Anushman Reddy	WTD	06	04	Yes	01	Nil	Nil
^Mr. Anushman Reddy	Related to Mr. A Praveen Kumar Reddy	WTD	06	03	Yes	01	Nil	Nil

**Resigned w.e.f. 10.05.2022

*Resigned w.e.f. 09.02.2023

^ Appointed w.e.f. 09.08.2022

#including directorship in MTAR Technologies Limited.

@ includes only Audit Committee & Stakeholders Relationship Committee in all public limited companies including MTAR Technologies Limited.

Non-ID- Non Independent Director

NED – Non-Executive Director

ED - Executive Director

ID – Independent Non-Executive Director

WTD - Whole Time Director

(d) THE NAME OF OTHER LISTED ENTITIES WHERE DIRECTORS OF THE COMPANY ARE DIRECTORS AND THE CATEGORY OF DIRECTORSHIP ARE SHOWN IN TABLE 2.

Name of Director	Name of listed entities in which the concerned Director is a Director	Category of Directorship
Mr. B.V.R Subbu	KPIT Technologies Limited	Independent Director
	Sona BLW Precision Forgings Limited	Independent Director
Mr. A. Krishna Kumar	-	-
Mr. V.G. Sekaran	-	-
Mrs. Ameeta Chatterjee	Nippon Life India Asset Management Limited	Independent Director
	Jubilant Ingrevia Limited	Independent Director
Mr. U.C Muktibodh	-	-
*Mr. V. Nagarajan	-	-
Mr. P. Srinivas Reddy	Ravileela Granites Limited	Non-Executive & Non- Independent Director

Name of Director	Name of listed entities in which the concerned Director is a Director	Category of Directorship
Mr. G.V Satish Kumar Reddy	--	-
Mr. A. Praveen Kumar Reddy	--	-
Mr. Anushman Reddy	--	-

*Resigned w.e.f. 09.02.2023

(e) NUMBER OF SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON- EXECUTIVE DIRECTORS:

None of the non- executive directors of the Company are holding any shares in the Company

(f) DETAILS OF SKILLS/EXPERTISE/COMPETENCE MATRIX OF THE BOARD OF DIRECTORS:

S. No	Name of the Director	Skills/Expertise/Competence in specific functional areas
1	Mr. B V R Subbu	Specialisation in Economics, International Trade, Automobile Technology
2	Mr. A. Krishna Kumar	Specialisation in Economics, Banking and Finance
3	Mr. V.G. Sekaran	Mechanical Engineering, Specialisation in Aeronautical Engineering, Design and Technology Development of Indigenous long range Strategic Missile System.
4	Ms. Ameeta Chatterjee	Commerce, Investments and Acquisitions, Finance and Accounting and Finance
5	Mr. U.C Muktibodh	Specialisation in Mechanical Engineering, Nuclear Scientist, Design, Development and Engineering of various Nuclear and Conventional Systems
6	Mr. P. Srinivas Reddy	Engineering, Specialisation in Industrial Production and Engineering, General Management, Operations and Corporate Strategy
7	Mr. G.V Satish Kumar Reddy	Specialisation in Mechanical and Industrial Engineering, Management, Technology, Operations
8	Mr. A. Praveen Kumar Reddy	Engineering, Specialisation in Electronics and Communication, Manufacturing and Production.
9	Mr. Anushman Reddy	Mechanical Engineering, Global Supply chain management including AeroVironment

(g). INFORMATION SUPPLIED TO THE BOARD:

The Board has complete access to all information of the Company and is regularly provided advanced detailed information as a part of the agenda papers or is tabled therein. In addition, detailed quarterly performance report by the Managing Director is presented in the quarterly Board meeting, encompassing all facets of the Company's operations during the quarter, including update of key projects, outlook and matters relating to environment, health & safety, corporate social responsibility etc.

(h). FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS:

The Board members are provided with necessary documents, reports, internal policies and site visits to enable them to familiarize with the Company's operations, its procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company business, strategy and risks involved. Detailed presentations on the Company's business segments were made at the meetings of the Directors held during the year. During the financial year 2022-23, except Resignation of Mr. Nagarajan Vedachalam as an Independent director on 09th February 2023, there has been no change in the Independent directors of the Company. The details of familiarisation programmes imparted to independent directors is available on our company website at www.mtar.in

(i). DECLARATION BY INDEPENDENT DIRECTORS:

All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 read with Section 149(6) of the Act.

(j). DECLARATION BY BOARD:

The Board has confirmed that in its opinion, the independent directors fulfill the conditions specified in these regulations and are independent of the management.

(k). RESIGNATION OF INDEPENDENT DIRECTOR:

During the year under review, Mr. Nagarajan Vedachalam Resigned as an Independent director on 09th February 2023 before expiry of his tenure.

Detailed Reason: Resigned w.e.f. 09.02.2023 due to expanding range of professional commitments namely to undertake design and development of Small Satellite launch vehicle project of MTAR.

3. COMMITTEES OF THE BOARD:

The Company has the following seven Board-level Committees-

1. Audit Committee
2. Stakeholder Relationship Committee,
3. Nomination & Remuneration Committee,
4. Risk Management Committee
5. Corporate Social Responsibility Committee
6. Management Committee
7. Technology Committee

All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of service for Committee members are taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance are provided in this report below.

4. PERFORMANCE EVALUATION OF BOARD, COMMITTEES AND DIRECTORS

Pursuant to provisions of Regulation 17(10) of the SEBI Listing Regulations and the provisions of the Act, an annual Board effectiveness evaluation was conducted for FY 2022-23 on February 09, 2023, involving the following:

A. Evaluation of IDs, in their absence, by the entire Board was undertaken, based on their performance and fulfillment of the independence criteria prescribed under the Act and SEBI Listing Regulations; and

B. Evaluation of the Board of Directors, its Committees and individual Directors, including the role of the Board Chairman. An IDs’ meeting, in accordance with the provisions of Section 149(8) read with Schedule IV of the Act and Regulation 25(3) and 25(4) of the SEBI Listing Regulations, was convened on February 09th, 2023, mainly to review the performance of Independent Directors and the Chairman & Managing Director as also the Board as a whole .

i) **Board:** Composition, responsibilities, stakeholder value and responsibility, Board development, diversity, governance, leadership, directions, strategic input, etc.

ii) **Executive Directors:** Skill, knowledge, performance, compliances, ethical standards, risk mitigation, sustainability, strategy formulation and execution, financial planning & performance, managing human relations, appropriate succession plan, external relations including CSR, community involvement and image building, etc.

iii) **Independent Directors:** Participation, managing relationship, ethics and integrity, Objectivity, bringing independent judgement, time devotion, protecting interest of minority shareholders, domain knowledge contribution, etc.

iv) **Chairman:** Managing relationships, commitment, leadership effectiveness, promotion of training and development of directors etc.

v) **Committees:** Terms of reference, participation of members, responsibility delegated, functions and duties, objectives alignment with Company strategy, composition of committee, committee meetings and procedures and management relations.

Disclosures as prescribed under SEBI circular dated May 10, 2018 are given below:

Observations of Board evaluation carried out for the year	No observations.
Previous year’s observations and actions taken	Since no observations were received, no actions were taken.
Proposed actions based on current year observations	Since no observations were received, no actions were taken.

5. AUDIT COMMITTEE:

Terms of reference of Audit committee covers all the matters prescribed under Regulation 18 of the Listing Regulations and Section 177 of the Act, 2013.

A. Brief Description of Terms of Reference:

The terms of reference of the Audit Committee encompasses the requirements of Section 177 of Companies Act, 2013 and as per Regulation 18 of SEBI (LODR) Regulations, 2015 and, inter alia, includes:

i. Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

ii. Recommending the appointment, remuneration and terms of appointment of auditors of the listed entity;

iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

iv. Reviewing, with the management, the annual financial statements and Auditor's Report before submission to the Board for approval with particular reference to;

(a) Matters required to be included in the directors' responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Act;

(b) Changes, if any, in accounting policies and practices and reasons for the same;

(c) Major accounting entries involving estimates based on the exercise of judgment by management;

(d) Significant adjustments made in the financial statements arising out of audit findings;

(e) Compliance with listing and other legal requirements relating to financial statements;

(f) Disclosure of any related party transactions;

(g) Modified opinion(s) in the draft audit report;

v. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of [public issue or rights issue or preferential issue or qualified institutional placement], and making appropriate recommendations to the board to take up steps in this matter;

vii. Review and monitoring the auditor's independence and performance and effectiveness of audit process;

viii. Approval or any subsequent modification of transactions of the listed entity with related parties;

ix. Scrutiny of inter-corporate loans and investments;

x. Valuation of undertakings or assets of the listed entity wherever it is necessary;

xi. Evaluation of internal financial controls and risk management systems;

xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of internal control systems;

xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;

xiv. Discussion with internal auditors of any significant findings and follow up there on;

xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividend) and creditors,

xviii. To review the functioning of the whistle blower mechanism;

xix. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate

xx. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

xxi. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

xxii. Consider and comment on rationale, the cost-benefits and the impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

xxiii. Carrying out any other function as may be referred to the Committee by the Board.

xxiv. Authority to review / investigate into any matter covered by Section 177 of the Companies Act, 2013 and matters specified in Part C of Schedule II of the Listing Regulations.

B. THE AUDIT COMMITTEE SHALL MANDATORILY REVIEW THE FOLLOWING INFORMATION:

(i) Management discussion and analysis of financial condition and results of operations;

(ii) Management letters / letters of internal control weaknesses issued by the statutory auditors;

(iii) Internal audit reports relating to internal control weaknesses; and

(iv) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the audit committee.

(v) Statement of deviations:

- Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

- Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

C. COMPOSITION, MEETINGS & ATTENDANCE:

There were Six (6) Audit Committee Meetings held during the year i.e. on 10th May 2022, 24th May 2022, 09th August 2022, 28th September 2022, 02nd November 2022 and 09th February 2023.

Name	Designation	Category	No of Meetings held	No of Meetings attended
Mr. A. Krishna Kumar	Chairperson	Non-Executive Independent Director	06	06
Mrs. Ameeta Chatterjee	Member	Non-Executive Independent Director	06	05
Mr. B.V.R Subbu	Member	Non-Executive Independent Director	06	05

6. NOMINATION AND REMUNERATION COMMITTEE:

A. BRIEF DESCRIPTION OF TERMS OF REFERENCE:

i. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

ii. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- use the services of an external agencies, if required;
- consider candidates from a wide range of backgrounds, having due regard to diversity; and
- consider the time commitments of the candidates.

iii. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.

iv. Devising a policy on diversity of board of directors;.

v. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

vi. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

vii. Recommend to the board, all remuneration, in whatever form, payable to senior management.

B. COMPOSITION OF THE COMMITTEE, MEETINGS AND ATTENDANCE DURING THE YEAR:

There were Three (4) Nomination and Remuneration Committee Meetings held during the year i.e. on 24th May 2022, 08th June 2022, 09th August 2022 and 09th February 2023.

Name	Designation	Category	No of Meetings held	No of Meetings attended
Mrs. Ameeta Chatterjee	Chairperson	Non-Executive Independent Director	04	03
Mr. B.V.R Subbu	Member	Non-Executive Independent Director	04	03
Mr. Krishna Kumar Aravamudan	Member	Non-Executive Independent Director	04	04

C. PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS:

The performance evaluation criteria for Independent Directors are already mentioned under the head "Board Evaluation" in Directors' Report.

D. POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS' INDEPENDENCE:

1. Scope:

This policy sets out the guiding principles for the Nomination & Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent Directors of the Company.

2. Terms and References:

2.1 "Director" means a director appointed to the Board of a Company.

2.2 "Nomination and Remuneration Committee means the committee constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2.3 "Independent Director" means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3. Policy:

3.1 Qualification and Criteria

3.1.1. The Nomination and Remuneration Committee, and the Board, shall review on annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a board with diverse background and experience that are relevant for the Company's operations.

3.1.2. In evaluating the suitability of individual Board member, the NR Committee may take into account factors, such as:

- General understanding of the Company's business dynamics, global business and social perspective;
- Educational and professional background
- Standing in the profession;
- Personal and professional ethics, integrity and values;
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

3.1.3 The proposed appointee shall also fulfill the following requirements:

- Shall possess a Director Identification Number;
- Shall not be disqualified under the companies Act, 2013
- Shall endeavour to attend all Board Meeting and Wherever he is appointed as a Committee Member, the Committee Meeting;
- Shall abide by the code of Conduct established by the Company for Directors and senior Management personnel;
- Shall disclose his concern or interest in any Company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and other relevant laws.

3.1.4 The Nomination & Remuneration Committee shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.

3.2 Criteria of Independence

3.2.1 The Nomination & Remuneration Committee shall assess the independence of Directors at time of appointment/ re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interest or relationships are disclosed by a Director

3.2.2 The criteria of independence shall be in accordance with guidelines as laid down in Companies Act, 2013 and Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

An independent Director in relation to a Company, means a director other than a managing Director or a whole-time Director or a Nominee Director.

i. Who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience;

ii. Who is or was not a promoter of the listed entity or its holding, subsidiary or associate company [or member of the promoter group of the listed entity];

iii. Who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company;

iv. Who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the [three] immediately preceding financial years or during the current financial year;

v. None of whose relatives—

a. Is holding securities of or interest in the listed entity, its holding, subsidiary or associate company during the three immediately preceding financial years or during the current financial year of face value in excess of fifty lakh rupees or two percent of the paid-up capital of the listed entity, its holding, subsidiary or associate company, respectively, or such higher sum as may be specified;

b. Is indebted to the listed entity, its holding, subsidiary or associate company or their promoters or directors, in excess of such amount as may be specified during the three immediately preceding financial years or during the current financial year;

c. Has given a guarantee or provided any security in connection with the indebtedness of any third person to the listed entity, its holding, subsidiary or associate company or their promoters or directors, for such amount as may be specified during the three immediately preceding financial years or during the current financial year; or

d. Has any other pecuniary transaction or relationship with the listed entity, its holding, subsidiary or associate company amounting to two percent or more of its gross turnover or total income:

[Provided that the pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company or their promoters, or directors in relation to points (a) to (d) above shall not exceed two percent of its gross turnover or total income or fifty lakh rupees or such higher amount as may be specified from time to time, whichever is lower.]

vi. who, neither himself ["/herself], nor whose relative(s) —

a. Holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company [or any company belonging to the promoter group of the listed entity,] in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed:

[Provided that in case of a relative, who is an employee other than key managerial personnel, the restriction under this clause shall not apply for his / her employment.]

b. Is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
(i) A firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or
(ii) Any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;

c. Holds together with his relatives two per cent or more of the total voting power of the listed entity; or

d. Is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the listed entity;

e. Is a material supplier, service provider or customer or a lessor or lessee of the listed entity;

vii. who is not less than 21 years of age.

viii. who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director:

3.2.3 The independent Director shall abide by the "code for independent Directors "as specified in Schedule IV to the companies Act, 2013.

3.3. Other directorships/ committee memberships

3.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as director of the Company. The NR Committee shall take into account the nature of and the time involved in a director's service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

3.3.2 A Director shall not serve as director in more than 20 companies of which not more than 10 shall be public limited companies.

3.3.3 A Director shall not serve as an independent Director in more than 7 listed companies and not more than 3 listed companies in case he is serving as a whole-time Director in any listed Company.

3.3.4 A Director shall not be a member in more than 10 committees or act as chairman of more than 5 committee across all companies in which he holds directorships.

For the purpose of considering the limit of the committee, Audit committee and stakeholder's relationship committee of all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under section 8 of the companies Act, 2013 shall be excluded.

E. MECHANISM FOR EVALUATION OF THE BOARD:

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

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

The Directors were given following Forms for evaluation:

- (i) Evaluation of Board;
- (ii) Evaluation of Committees of the Board;
- (iii) Evaluation of Independent Directors;
- (iv) Evaluation of Chairperson; and
- (v) Evaluation of Managing Director and Whole-time Director.

The Directors were requested to give following ratings for each criteria:

- Could do more to meet expectations;
- Meets expectations; and
- Exceeds expectations.

The Directors have sent the duly filled forms to the Board. Based on the evaluation done by the Directors, the report on Evaluation was submitted to the Board. And based on the report, the Board of Directors has informed that the performance of Directors is satisfactory.

7. STAKEHOLDER'S RELATIONSHIP COMMITTEE:

A. BRIEF DESCRIPTION OF TERMS OF REFERENCE:

The Committee's role includes:

- i. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;
- ii. Review of measures taken for effective exercise of voting rights by shareholders;
- iii. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- iv. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company;
- v. Such other matter as may be specified by the Board from time to time.
- vi. Authority to review / investigate into any matter covered by Section 178 of the Companies Act, 2013 and matters specified in Part D of Schedule II of the Listing Regulations.

B. COMPOSITION OF THE COMMITTEE, MEETINGS AND ATTENDANCE DURING THE YEAR:

One (1) Stakeholders Relationship Committee Meeting held during the year on 17th March 2023.

Name	Designation	Category	No of Meetings held	No of Meetings attended
Mr. G.V Satish Kumar Reddy	Chairperson	Non-Executive Director	01	01
*Mr. V.edachalam Nagarajan	Member	Non-Executive Independent Director	01	00
Mr. A. Krishna Kumar	Member	Non-Executive Independent Director	01	01
**Mr. V. G. Sekaran	Member	Non-Executive Independent Director	01	01

*Resigned on 09th February 2023

** Appointed as member on 09th February 2023

C. DETAILS OF COMPLAINTS/REQUESTS RECEIVED, RESOLVED AND PENDING DURING THE YEAR 2022-23:

Opening balance	Received during the year	Resolved during the year	Closing balance
00	56	56	00

D. NAME AND DESIGNATION OF COMPLIANCE OFFICER:

Mr. Shubham Sunil Bagadia, Company Secretary is the Compliance Officer of the Company.

8. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Committee comprising of Non-Executive Directors including two Independent Directors is constituted by the Board in accordance with the Act to:

a. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;

b. Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

c. Monitor the Corporate Social Responsibility Policy of the Company from time to time.

The CSR Policy is uploaded on the Company's website as required under the provisions of Section 135 of the Act and Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

COMPOSITION OF THE COMMITTEE, MEETINGS AND ATTENDANCE DURING THE YEAR:

One Corporate Social Responsibility Committee Meetings held during the year on 28th September 2022

Name	Designation	Category	No of Meetings held	No of Meetings attended
Mr. G.V Satish Kumar Reddy	Chairperson	Non-Executive Non Independent Director	01	01
Mr. U C Muktibodh	Member	Non-Executive Independent Director	01	01
Mr. V G Sekaran	Member	Non-Executive Independent Director	01	01

9. RISK MANAGEMENT COMMITTEE:

A. BRIEF DESCRIPTION OF TERMS OF REFERENCE:

The Committee's role includes:

The role of the committee shall, inter alia, include the following:

(1) To formulate a detailed risk management policy which shall include:

(a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability, information, cyber security risks or any other risk as may be determined by the Committee.

(b) Measures for risk mitigation including systems and processes for internal control of identified risks.

(c) Business continuity plan

(2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

(3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

(6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

B. COMPOSITION OF THE COMMITTEE, MEETINGS AND ATTENDANCE DURING THE YEAR:

There were Two (2) Risk Management Committee Meetings held during the year on 28th September 2022 and 17th March 2023

Name	Designation	Category	No of Meetings held	No of Meetings attended
Mr. B.V. R Subbu	Chairman	Independent	02	02
Mr. Vedachalam Nagarajan*	Member	Independent	02	01
Dr. V.G. Sekaran	Member	Independent	02	02
Mr. U.C. Muktibodh	Member	Independent	02	02
Mr. A. Krishna Kumar	Member	Independent	02	02
Ms. Ameeta Chatterjee	Member	Independent	02	02

* Resigned w.e.f., 09th February 2023

10. REMUNERATION OF DIRECTORS

A. PECUNIARY RELATIONSHIP OR TRANSACTIONS OF THE NON-EXECUTIVE DIRECTORS VIS-À-VIS THE LISTED Company:

None of the Non-Executive Directors except Mr. G.V Satish Kumar Reddy had any pecuniary relationship or transaction with the Company other than the Directors sitting fees and commission.

B. CRITERIA FOR MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS:

Policy:

1. Remuneration to Executive Director and key managerial personnel

1.1 The Board on the recommendation of the Nomination and Remuneration (NR) committee shall review and approve the remuneration payable to the Executive Director of the Company within the overall limit approved by the shareholders.

1.2 The Board on the recommendation of the NR committee shall also review and approve the remuneration payable to the key managerial personnel of the Company.

1.3 The remuneration structure to the Executive Director and key managerial personnel shall include the following components:

- (i) Basic pay
- (ii) Perquisites and Allowances
- (iii) Stock Options
- (iv) Commission (Applicable in case of Executive Directors)
- (v) Retrial benefits

1.4 The Annual plan and Objectives for Executive committee shall be reviewed by the NR committee and Annual performance Bonus will be approved by the committee based on the achievement against the Annual plan and Objectives.

2. Remuneration to Non – Executive Directors

2.1 The Board, on the recommendation of the NR Committee, shall review and approve the remuneration payable to the Non – Executive Directors of the Company within the overall limits approved by the shareholders.

2.2 Non – Executive Directors shall be entitled to sitting fees attending the meetings of the Board and the Committees thereof. The Non- Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.

3. Remuneration to other employees

3.1. Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

The objectives of the remuneration policy are to motivate Directors to excel in their performance, recognize their contribution and retain talent in the organization and reward merit.

The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities should and individual performance.

C. REMUNERATION PAID TO DIRECTORS DURING FY 2022-23 AND OTHER DISCLOSURES

(Amount in Rs. Mn)

Name of the Director	Salary (Rs)	Sitting Fees (Rs)	Number of Equity shares held	Commission (Rs)	Service Contracts	Stock Option Details	Fixed Component	Performance Based Incentive
Mr. B.V.R Subbu	-	1.04	-	1.5	-	-	-	-
Mr. A. Krishna Kumar	-	1.17	-	1.5	-	-	-	-
Mr. V.G. Sekaran	-	0.76	-	1.5	-	-	-	-
Mrs. Ameeta Chatterjee	-	0.97	-	1.5	-	-	-	-
Mr. U.C Muktibodh	-	0.62	-	1.5	-	-	-	-
*Mr. V. Nagarajan	-	0.56	-	1.29	-	-	-	-
Mr. P. Srinivas Reddy	14.40	-	13,92,903	-	-	-	-	19.20
**Mr. Mathew Cyriac	-	0.075	-	-	-	-	-	-
Mr. G.V Satish Kumar Reddy	-	0.52	-	-	-	-	-	-
Mr. A. Praveen Kumar Reddy	3.51	0.09	-	-	-	-	-	-
Mr. Anushman Reddy	5.57	-	2,68,128	-	-	-	-	-

* Resigned w.e.f. 09.02.2023

** Resigned w.e.f. 10.05.2022

11. INDEPENDENT DIRECTORS' MEETING:

As per clause 7 of the schedule IV of the Companies Act (Code for Independent Directors), a separate meeting of the Independent Directors of the Company (without the attendance of Non-Independent directors) was held on 17.03.2023, to discuss:

1. Evaluation of the performance of Non-Independent Directors and the Board of Directors as whole;
2. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors of the Company were present at the meeting.

As required under Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company regularly familiarizes Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc. The details of the familiarization program is given at Company's website (www.mtar.in)

12. ANNUAL GENERAL MEETINGS:

A. LOCATION, DATE AND TIME OF LAST THREE AGMS AND SPECIAL/ORDINARY RESOLUTIONS THERE AT AS UNDER:

Financial Year	Date	Time	Location	Special Resolution Passed
2021-22	23.09.2022	03:00 PM	Video Conferencing and Audio-Visual Means	No
2020-21	30.07.2021	03:00 PM	Video Conferencing and Audio-Visual Means	Yes
2019-20	30.09.2020	02:00 PM	Video Conferencing and Audio-Visual Means	No

B. PASSING OF RESOLUTIONS BY POSTAL BALLOT

There were no resolutions passed by the Company through Postal Ballot during the financial year 2022-23

C. SUSPENSION FROM TRADING

There was no suspension from trading in equity shares of the Company during the year 2022-23.

13. MEANS OF COMMUNICATION

The Company regularly intimates its financial results, audited/limited reviewed, to the Stock Exchanges, as soon as the same are taken on record/approved. The Company also communicates regularly its quarterly and financial Results by publishing in newspaper as per SEBI (Listing Obligations & Disclosures Requirements).

In terms of the requirements of SEBI (Listing Obligations & Disclosures Requirements), the un-audited financial results as well as audited financial results, shareholding pattern of the Company and Corporate Governance Report are electronically submitted, unless there are technical difficulties and are displayed through Corporate Filing and Dissemination System viz., on www.bseindia.com and www.nseindia.com. The un-audited financial results as well as audited financial results, shareholding pattern of the Company and Report on Corporate Governance are displayed on www.bseindia.com and www.nseindia.com.

All important information, Investors Presentations made to Institutional Investors and official press releases are displayed on the website for the benefit of the public at large. Analysts 'Reports/ Research Report, if any, are also uploaded on the website of the Company. The Company's website can be accessed at www.mtar.in

14. GENERAL SHAREHOLDER INFORMATION:

A. ANNUAL GENERAL MEETING:

The 24th Annual General Meeting of the Company will be held as per the following schedule:

Day	Friday
Date	August 11, 2023
Time	03.00 P.M
Venue	Through Video Conferencing / other audio video means

B. FINANCIAL YEAR AND FINANCIAL YEAR CALENDAR 2023-24 (TENTATIVE SCHEDULE)

The financial calendar (tentative) shall be as under:

Financial Year	2023-24
First Quarterly Results	On or before 14.08.2023
Second Quarterly Results	On or before 14.11.2023
Third Quarterly Results	On or before 14.02.2024
Fourth Quarterly Results	On or before 30.05.2024
Annual General Meeting for year ending March 31, 2024	On or before 30.09.2024

C. DIVIDEND PAYMENT DATE

The Company has not paid any dividend during the year.

D. NAME AND ADDRESS OF STOCK EXCHANGE WHERE THE COMPANIES SECURITIES ARE LISTED:

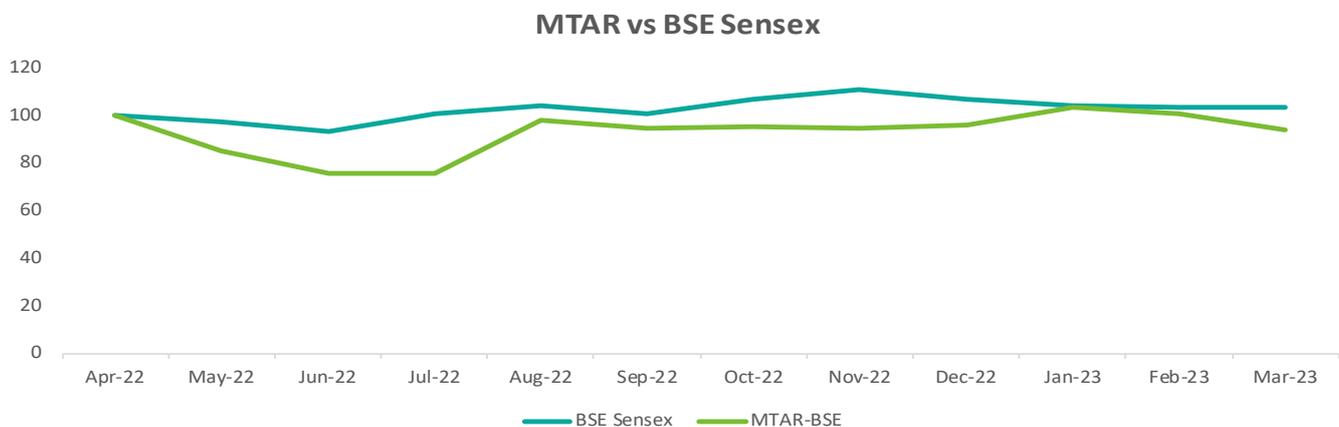
BSE Limited, P. J. Towers, Dalal Street, Mumbai-400001. (BSE Scrip Code: 543270)	National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai- 400051. (NSE Symbol: MTARTECH)
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E. LISTING FEES:

The Company has paid the listing fees for the year 2023-24 to BSE Limited and National Stock Exchange of India Limited.

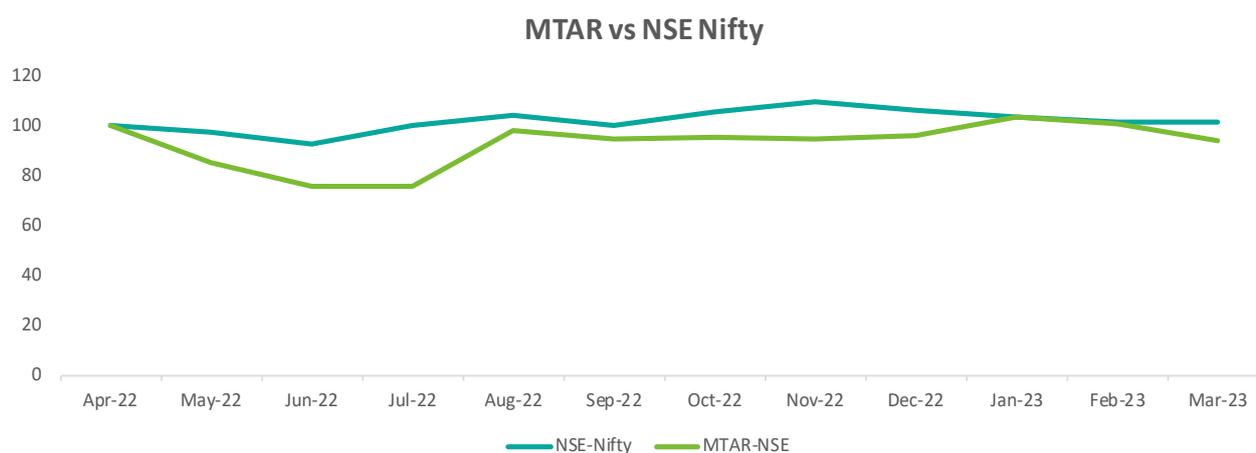
F. STOCK MARKET PRICE DATA:**BSE Limited(Scrip code: 543270)**

Month	Open Price(in Rs.)	High Price (in Rs.)	Low Price (in Rs.)	Close Price(in Rs.)	No. of Shares Traded
Apr-22	1,775.05	1,818.75	1,655.00	1,680.65	1,84,288
May-22	1,652.00	1,673.55	1,335.00	1,426.05	2,92,628
Jun-22	1,442.00	1,526.20	1,223.35	1,269.75	12,04,538
Jul-22	1,276.00	1,306.70	1,211.85	1,266.00	2,94,477
Aug-22	1,290.50	1,727.50	1,273.25	1,644.90	5,96,719
Sep-22	1,643.00	1,729.20	1,506.15	1,585.00	3,85,925
Oct-22	1,556.75	1,665.25	1,524.90	1,604.20	1,47,859
Nov-22	1,611.10	1,696.55	1,521.00	1,587.85	1,65,878
Dec-22	1,604.00	1,824.60	1,499.80	1,614.55	3,09,744
Jan-23	1,649.85	1,748.70	1,584.75	1,737.75	2,64,311
Feb-23	1,778.95	1,796.00	1,643.35	1,689.85	3,24,539
Mar-23	1,710.00	1,759.45	1,472.45	1,581.25	1,75,424

Performance compared to BSE Sensex

National Stock Exchange of India Limited(Symbol: MTARTECH)

Month	Open Price(in Rs.)	High Price (in Rs.)	Low Price (in Rs.)	Close Price(in Rs.)	No. of Shares Traded (in Lacs)
Apr-22	1,594.65	1,822.90	1,586.35	1,812.80	17.87
May-22	1,672.60	1,672.60	1,335.00	1,426.70	28.65
Jun-22	1,470.00	1,526.20	1,215.05	1,271.25	26.57
Jul-22	1,279.00	1,307.35	1,205.00	1,265.95	22.41
Aug-22	1,285.00	1,729.25	1,270.00	1,645.45	56.80
Sep-22	1,642.00	1,729.00	1,516.25	1,583.70	34.78
Oct-22	1,589.95	1,663.55	1,530.05	1,604.80	12.76
Nov-22	1,611.90	1,697.45	1,520.00	1,586.65	19.23
Dec-22	1,604.45	1,823.90	1,499.75	1,617.50	38.65
Jan-23	1,628.00	1,749.00	1,586.40	1,737.55	39.74
Feb-23	1,770.00	1,797.60	1,641.00	1,696.85	30.83
Mar-23	1,712.65	1,759.00	1,473.00	1,581.55	19.87

Performance compared to NIFTY 50


G. REGISTRAR AND SHARE TRANSFER AGENTS:

Kfintech Technologies Limited,
 Slenium Tower B, Plot 31 & 32,
 Financial District, Nanakramguda,
 Serilingampally Mandal,
 Hyderabad – 500032, Telangana
 Email: einward.ris@kfintech.com
 Website: <https://www.kfintech.com/> or <https://ris.kfintech.com/>

H. SHARE TRANSFER SYSTEM:

In terms of Regulation 40(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, securities can be transferred only in dematerialized form with effect from April 01, 2019. However, 100 percent of the shares of the Company are held in Demat Form.

I. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2023:

Category	Number of shareholders	%	Number of shares	Amount	%
1 - 5000	2,07,464	99.41	50,06,577	5,00,65,770	16.28
5001 - 10000	693	0.33	5,15,792	51,57,920	1.68
10001 - 20000	288	0.14	4,11,920	41,19,200	1.34
20001 - 30000	62	0.03	1,56,734	15,67,340	0.51
30001 - 40000	37	0.02	1,28,307	12,83,070	0.41
40001 - 50000	21	0.01	97,160	9,71,600	0.31
50001 - 100000	39	0.02	2,73,123	27,31,230	0.89
100001 & Above	95	0.04	2,41,69,978	24,16,99,780	78.58
Total:	2,08,699	100.00	3,07,59,591	30,75,95,910	100.00

J. DEMATERIALISATION & LIQUIDITY OF SHARES:

Trading in Company's shares is permitted only in dematerialized form for all investors. The ISIN allotted to the Company's scrip is INE864I01014. Investors are therefore advised to open a demat account with a Depository participant of their choice to trade in dematerialized form. Shares held in demat mode as on March 31, 2023 is as follows:

Particulars	No. of Shares	% Share Capital
NSDL	2,61,44,867	85.00
CDSL	46,14,724	15.00
Total	3,07,59,591	100.00

K. PLANT LOCATIONS:

S. No	Name of the Unit	Address
1	Unit- 1	18, Technocrats Industrial Estate, Balanagar, Hyderabad- 500037 Telangana
2	Unit- 2	Survey No. 149/P, IDA, Jagadgirigutta Road, Gandhinagar, Hyderabad-500037, Telangana
3	Unit – 3	Plot No. 97 & 100A, Co-operative Industrial Estate, (E.P), Gandhinagar, Hyderabad – 500037, Telangana.
4	Unit- 4	B-34, EEIE, Balanagar Township, Hyderabad – 500037, Telangana
5	Unit- 5	58/C, PHASE-1, IDA JEEDMETLA, Hyderabad – 500055, Telangana.
6	EOU	Jagadgiri Gutta Road, Gandhinagar, Balanagar, Hyderabad 500 037, Telangana, India.
7	Unit- 6	Plot No.1B in Sy No. 656/A, situated at Adibatla (Aditya Nagar) Village, Gram Panchayat Adibatla, Ibrahimpatnam Mandal, Ranga Reddy District, T.S.- 501510

L. REGISTERED OFFICE AND ADDRESS FOR CORRESPONDANCE:

Mr. Shubham Sunil Bagadia, (Company Secretary and Compliance Officer)

Address:

18, Technocrats Industrial
 Estate, Balanagar,
 Hyderabad – 500037
 Telangana

M. LIST OF ALL CREDIT RATINGS OBTAINED BY THE ENTITY ALONG WITH ANY REVISIONS THERETO DURING THE RELEVANT FINANCIAL YEAR, FOR ALL DEBT INSTRUMENTS OF SUCH ENTITY OR ANY FIXED DEPOSIT PROGRAMME

Not Applicable since the Company does not have any debt instruments.

N. OUTSTANDING GLOBAL DEPOSITORY RECEIPTS OR AMERICAN DEPOSITORY RECEIPTS OR WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY:

The Company has not issued these types of securities.

O. COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES:

NIL Charges for Monitoring Foreign Investment Limit

P. BOOK CLOSURE DATE:

The date of Book Closure for the purpose of Annual General Meeting shall be from August 05, 2023 to August 11, 2023 (both days inclusive).

Q. ELECTRONIC CONNECTIVITY: Demat ISIN Number: INE864I01014
R. NATIONAL SECURITIES DEPOSITORY LIMITED

Trade World, Kamala Mills Compound
 Senapati Bapat Marg, Lower Parel
 Mumbai – 400 013.

S. CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED

Marathon Futurex, A-Wing,
25th floor, NM Joshi Marg,
Lower Parel, Mumbai 400013

T. SHAREHOLDING PATTERN AS ON 31ST MARCH,2023:

S. No	Category	No. Shares held	% of shareholding
A	Shareholding of Promoter and Promoter group		
1	Indian		
	Individual	1,43,08,907	46.52
	Body Corporate	35,000	0.11
2	Foreign		
	Individual		
	Sub-Total A	1,43,43,907	46.63
B.	Public Shareholding		
1.	Institutions	84,82,996	27.58
2.	Non-Institutions		
	a. Bodies Corporate	4,07,409	1.32
	b. Indian Public and Others	75,60,279	24.47
	Sub Total B	1,64,15,684	53.37
	Grand Total (A+B)	3,07,59,591	100.00

15. OTHER DISCLOSURES:**A. DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS THAT MAY HAVE POTENTIAL CONFLICT WITH THE INTERESTS OF LISTED ENTITY AT LARGE:**

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

B. DETAILS OF NON-COMPLIANCE BY THE LISTED ENTITY, PENALTIES, STRICTURES IMPOSED ON THE LISTED ENTITY BY STOCK EXCHANGE(S) OR THE BOARD OR ANY STATUTORY AUTHORITY, ON ANY MATTER RELATED TO CAPITAL MARKETS, DURING THE LAST THREE YEARS;

There was no penalty imposed on Company by Stock Exchanges during the year 2022-23.

C. WHISTLE BLOWER POLICY:

The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined in Regulation 22 of SEBI (LODR) Regulations 2015 and in terms of Section 177 of the Companies Act, 2013.

With a view to adopt the highest ethical standards in the course of business, the Company has a whistle blower policy in place for reporting the instances of conduct which are not in conformity with the policy. Directors, employees, vendors or any person having dealings with the Company may report non-compliance to the Chairman of the Audit Committee, who reviews the report. Confidentiality is maintained of such reporting and it is ensured that the whistle blowers are not subjected to any discrimination. No person has been denied access to the Audit Committee.

D.DETAILS OF COMPLIANCE WITH THE MANDATORY REQUIREMENTS AND ADOPTION OF THE NON-MANDATORY REQUIREMENTS OF SEBI (LISTING OBLIGATIONS AND DISLOSURE REQUIREMENTS) REGULATIONS, 2015

The Company has complied with the mandatory requirements of SEBI (LODR) Regulations, 2015 and is in the process of implementation of non– mandatory requirements

E. WEB LINK WHERE POLICY FOR DETERMINING ‘MATERIAL’ SUBSIDIARIES IS DISCLOSED;

The Company does not have any material subsidiary as defined under Listing Regulations, however, the policy for determining its ‘Material’ Subsidiaries was formulated and the same is available on the website of the Company www.mtar.in.

F. WEB LINK WHERE POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS:

In line with the requirements of the Companies Act, 2013 and Listing Regulations, your Company has formulated a Policy on Related Party Transactions which is also available on Company’s Website www.mtar.in. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the Ordinary Course of Business and are at Arm’s Length. All Related Party Transactions are subjected to independent review by the statutory auditor to establish compliance with the requirements of Related Party Transactions under the Companies Act, 2013 and Listing Regulations.

All Related Party Transactions entered during the year were in Ordinary Course of the Business and on Arm’s Length basis. No Material Related Party Transactions, Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC-1 annexed as **Annexure III**

G. DISCLOSURE OF COMMODITY PRICE RISKS AND COMMODITY HEDGING ACTIVITIES:

The Company is not materially exposed to commodity price risks nor does the company do any commodity hedging.

H. DETAILS OF UTILIZATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONS PLACEMENT AS SPECIFIED UNDER REGULATION 32 (7A).

The Company has not raised any fund through preferential allotment or Qualified Institutional Placement during the financial year 2022-23.

I. CERTIFICATE FROM PRACTICING COMPANY SECRETARY

The Company has obtained certificate from Practicing Company Secretary that none of the Directors on the Board of the Company are debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/ Ministry of Corporate Affairs or any such authority and the Certificate to this effect, duly signed by the Practicing Company Secretary is annexed to this Report.

J. RECOMMENDATIONS OF COMMITTEES

The Board has accepted and acted upon all the recommendations by the Audit & Nomination and Remuneration Committees.

K. TOTAL FEES FOR ALL SERVICES PAID BY THE LISTED ENTITY AND ITS SUBSIDIARIES, ON A CONSOLIDATED BASIS, TO THE STATUTORY AUDITOR

The Total Audit Fee for all services paid by the Company and its subsidiaries on a consolidated basis to the statutory auditor (s) is Rs. 5.08 Mn

L. DISCLOSURE IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

Sr. No.	Particulars	Number
a.	No. of Complaints filed during the financial year	Nil
b.	No. of Complaints disposed of during the financial year	Nil
c.	No. of Complaints pending as on end of the financial year	Nil

M. DISCLOSURE BY LISTED ENTITY AND ITS SUBSIDIARIES OF 'LOANS AND ADVANCES IN THE NATURE OF LOANS TO FIRMS/COMPANIES IN WHICH DIRECTORS ARE INTERESTED BY NAME AND AMOUNT:

Neither the listed company nor the subsidiary company has advanced any loan to firm/ companies in which directors are interested.

N. DETAILS OF MATERIAL SUBSIDIARIES OF THE LISTED ENTITY; INCLUDING THE DATE AND PLACE OF INCORPORATION AND THE NAME AND DATE OF APPOINTMENT OF THE STATUTORY AUDITORS OF SUCH SUBSIDIARIES: NIL

16. NON-COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT:

The company has complied with the requirement of Corporate Governance Report of sub-paras (2) to (10) of Schedule-V of the SEBI (LODR) Regulations, 2015

17. ADOPTION OF DISCRETIONARY REQUIREMENTS AS SPECIFIED IN PART E OF SCHEDULE II OF SEBI (LODR) REGULATIONS, 2015:

The company has adopted discretionary requirements to the extent of Internal Auditors reporting to the Audit Committee.

18. DISCLOSURE OF COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATIONS 17 TO 27 AND CLAUSES (b) TO (i) OF SUB-REGULATION (2) OF REGULATION 46 ARE AS FOLLOWS:

Regulation	Particulars	Compliance Status
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes

Regulation	Particulars	Compliance Status
24	Corporate Governance requirements with respect to subsidiary of Listed company	NA
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to Directors and Senior Management	Yes
27	Other Corporate Governance Requirements	Yes
46 (2) (b) to (i)	Website	Yes

19. CODE OF CONDUCT

The Company has formulated and implemented a Code of Conduct for Board Members and Senior Management of the Company. Requisite annual affirmations of compliance with the respective Codes have been made by the Directors and Senior Management of the Company.

20. DECLARATION ON CODE OF CONDUCT FOR THE YEAR 2022-23

This is to confirm that the Board has laid down a code of conduct for all Board members and senior management personnel of the Company. The code of Conduct has also been posted on the website of the Company. It is further confirmed that all Directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the Financial Year ended on March 31, 2023 as envisaged in Regulation 26(3) of the SEBI (Listing obligations and disclosure requirements) Regulations, 2015.

21. MD / CFO Certification

The Managing Director and CFO certification of the financial statements as specified in Regulation 17(8) read with Part B of Schedule II of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 for the Financial Year 2022-23 is provided elsewhere in this Annual Report.

22. RECONCILIATION OF SHARE CAPITAL

A qualified Practicing Company Secretary carry out audit to reconcile the total admitted capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. Reconciliation of Share Capital Audit Report confirms that the total paid up capital was in agreement with the total number of shares in physical firm and the total number of dematerialized shares held with NSDL and CDSL.

23. DISCLOSURE OF PENDING CASES / INSTANCES OF NON-COMPLIANCE

There were no non-compliances by the Company and no instances of penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to the capital market during the last three years except one penalty due to the delay in intimation for declaration of dividend. The penalty was paid and the management assured the Board that due care would be taken in order to avoid any further non-compliances.

24. COMPLIANCE WITH THE DISCRETIONARY REQUIREMENTS UNDER LISTING REGULATIONS

The Board of Directors periodically reviewed the compliance of all applicable laws and steps taken by the Company to rectify instances of non-compliance, if any. The Company is in compliance with all mandatory requirements of Listing Regulations. In addition, the Company has also adopted the following non-mandatory requirements to the extent mentioned below:

- **Audit qualifications:** Company's financial statements have no qualifications.
- **Reporting of Internal Auditor:** The Internal Auditor of the Company directly reports to the Audit Committee on functional matters.

The Company has submitted quarterly compliance report on Corporate Governance with the Stock Exchanges, in accordance with the requirements of Regulation 27(2) (a) of the Listing Regulations.

25. DISCLOSURE OF ACCOUNTING TREATMENT

The Company has complied with the appropriate accounting policies and has ensured that they have been applied consistently. There have been no deviations from the treatment prescribed in the Accounting Standards notified under Section 133 of the Companies Act, 2013.

26. GREEN INITIATIVE IN THE COPORATE GOVERNANCE

As part of the green initiative process, the Company has taken an initiative of sending documents like notice calling Annual General Meeting, Corporate Governance Report, Directors Report, Audited financial Statements, Auditors Report, Dividend intimations etc., by email are sent only to those shareholders whose email addresses are not registered with the Company and for bounced mail cases. Shareholders are requested to register their email id with Registrar and Share Transfer Agent/concerned depository to enable the Company to send the documents in electronic form or inform the Company, in writing, in case they wish to receive the above documents in paper mode.

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

Place: Hyderabad
Date: 17.05.2023

Sd/-
B.V.R. Subbu
Chairman
(DIN: 00289721)

Sd/-
P. Srinivas Reddy
Managing Director
(DIN: 00359139)

Declaration on Code of Conduct as required by Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

I, P. Srinivas Reddy, Managing Director of the Company hereby declare that all the members of Board of Directors and Senior Management Personnel have affirmed compliance with Code of Conduct, as applicable to them, in respect of the financial year 2022-23.

For MTAR Technologies Limited

Place: Hyderabad
Date: 17.05.2023

Sd/-
P. Srinivas Reddy
Managing Director
(DIN: 00359139)

Certificate of Non-disqualification of Directors

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

To,
The Members of
MTAR Technologies Limited
Hyderabad

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **MTAR Technologies Limited** having CIN **L72200TG1999PLC032836** and having registered office at 18, Technocrats Industrial Estate, Balanagar, Hyderabad 500037 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in Company
1.	Mr. Subbu Venkata Rama Behara	00289721	05/12/2020
2.	Mr.Parvat Srinivas Reddy	00359139	11/03/2015
3.	Mr.Aravamudan Krishna Kumar	00871792	05/12/2020
4.	Mr. Gnana Sekaran Venkatasamy	02012032	05/12/2020
5.	Mrs. Ameeta Chatterjee	03010772	05/12/2020
6.	Mr. Venkata Satish Kumar Reddy Gangapatnam	06535717	21/09/2017
7.	Mr.Udaymitra Chandrakant Muktibodh	06558392	05/12/2020
8.	Mr. Anushman Reddy	08104131	09/08/2022
9.	Mr. Praveen Kumar Reddy Akepati	08987107	14/12/2020

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

Place: Hyderabad
Date: 16.05.2023

For S.S. Reddy & Associates
Practicing Company Secretaries

S. Sarveswar Reddy
M. No.: 12611; CP No. 7478
UDIN: A012611E000317575
Peer Review Cer. No.: 1450/2021

ANNEXURE – VII(a)

**STATEMENT SHOWING THE NAMES OF TOP TEN EMPLOYEES
PURSUANT TO SEC. 197 READ WITH RULE 5 (1) (2) and (3) OF THE COMPANIES
(APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

1. The ratio of remuneration to each director to the median remuneration of the employees of the Company for the financial year.

Director	Total Remuneration (Rs. Mn)	Ratio to Median Remuneration
Parvat Srinivas Reddy	33.60	1:0.02
Praveen Kumar Reddy	3.51	1:0.15
Anushman Reddy	5.57	1:0.09

2. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.

Name	Designation	Remuneration (Rs. Mn)		Increase/ (Decrease) %
		FY 2022-23	FY 2021-22	
Parvat Srinivas Reddy	Managing Director	33.60	24.00	40%
Praveen Kumar Reddy	Executive Director	3.51	NA	NA
Anushman Reddy	Executive Director	5.57	NA	NA
Gunneswara Rao Pusalra*	Chief Financial Officer	16.80	3.17	NA
Shubham Sunil Bagadia	Company Secretary & Compliance Officer	1.16	0.64	81%

* In FY 21-22 remuneration paid only for five months

3. The percentage increase in the median remuneration of employees in the financial year (Amount in INR)

Particulars	Remuneration (Rs.)		Increase/(Decrease) %
	FY 2022-23	FY 2021-22	
Median Remuneration of all the employees per annum*	5,22,504	3,84,324	36%

4. No. of Employees on the Roll of Company

Particulars	Number
The number of employees on the rolls of the Company as on March 31, 2023	1871

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and details if there are any exceptional circumstances for increase in the managerial remuneration.

Particulars	Increase/(Decrease) %
Average percentage increase in the remuneration of all Employees* (Other than Key Managerial Personnel)	14%
Average Percentage increase in the Remuneration of Key Managerial Personnel	19%

*Employees who have served for whole of the respective financial years have been considered.

6. Affirmation that the remuneration is as per the remuneration policy of the Company.

The Company is in compliance with its remuneration policy.

ANNEXURE – VII (b)
Statement showing the names of the Top ten Employees in terms of Remuneration drawn as per Rule 5 (3) Of The Companies (Appointment And Remuneration Of Managerial Personnel) Rules, 2014

No	Name	Designation	Remuneration received (Rs.)	Nature of employment whether contractual or otherwise	Qualification and experience of the employee	Date of commencement of employment	The age of the employee	The last employment held by such employee before joining the Company	The percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub rule (2) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.	Whether any such employee is a relative of any director or manager of the Company and if so, name of such director or manager
1	Gunneswara Rao Pusarla	Chief Financial Officer	11800000	Permanent	CA	08-11-2021	53	Tata Sikrosky	0.00	NA
2	Tata Madhusudan	Head SCM	84666668	Permanent	BE & MBA	01-09-2021	56	Moon Iron & Steel	0.00	NA
3	Devesh Dhar Dwivedi	Chief Operating Officer	8228076	Permanent	B.Tech & MBA	16-09-2019	42	Smart Auto Systems Private Limited	0.00	NA
4	Rohit Kherra	Resident Director- Business Development	7376600	Permanent	Economic Honours	15-09-2021	69	GOI	0.00	NA
5	Pusparaj Satpathy	VP- HR	6692032	Permanent	M.A & MBA	11-12-2019	48	Century Enka Limited	0.00	NA
6	Doggala Siddareddy	VP	5457768	Permanent	M.Tech & EPBM-IIM	25-07-2010	61	ITC	0.00	NA
7	M Anushman Reddy	Executive Director	5380000	Permanent	MS-MBA	04-12-2016	31	Aerovironment	0.00	NA
8	A V Sudhakar	VP	5162324	Permanent	B. Tech	18-01-1987	60	Associated from past three decades	0.00	NA
9	Charabuddi Ramesh Reddy	VP	4500631	Permanent	DME	12-04-1984	61	Associated from past three decades	0.00	NA
10	AYYALASOMAYAJULA VARA PRASAD	VP	4270677	Permanent	B. Tech	05-03-2020	55	Thermal System	0.00	NA

ANNEXURE VIII

MD AND CFO Certification in respect of Financial Statements and Cash Flow Statement

(Pursuant to Regulation 17 (8) of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 For the Financial Year ended March 31, 2023

We have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31st March 2023 and we hereby certify and confirm to the best of our knowledge and belief the following:

- a. The Financial Statements and Cash Flow statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- b. The Financial Statements and the Cash Flow Statement together present a true and fair view of the affairs of the Company and are in compliance with existing accounting standards, applicable laws and regulations.
- c. There are no transactions entered in to by the Company during the year ended 31st March 2023 which are fraudulent, illegal or violative of Company's Code of Conduct.
- d. We accept responsibility for establishing and maintaining internal controls for Financial Reporting and we have evaluated the effectiveness of these internal control systems of the Company pertaining to financial reporting. Deficiencies noted, if any, are discussed with the Auditors and Audit Committee, as appropriate, and suitable actions are taken to rectify the same.
- e. There have been no significant changes in the above-mentioned internal controls over financial reporting during the relevant period.
- f. That there have been no significant changes in the accounting policies during the relevant period.
- g. We have not noticed any significant fraud particularly those involving the, management or an employee having a significant role in the Company's internal control system over Financial Reporting.

Place: Hyderabad
Date: 17-05-2023

Sd/-
P Srinivas Reddy
Managing Director
(DIN: 00359139)

Sd/-
Gunneswara Rao Pusarla
Chief Financial Officer (CFO)

Certificate on Corporate Governance

To
The Members Of
MTAR Technologies Limited

We have examined the compliance of the conditions of Corporate Governance by **MTAR Technologies Limited** ('the Company') for the year ended on March 31, 2023, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Paras - C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2023.

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

Place: Hyderabad
Date: 16.05.2023

Sd/-
S. Sarveswar Reddy
M.No. A12611
CP No. 7478
UDIN: A012611E000317597
Peer Review Cer. No.: 1450/2021

ANNEXURE IX

Form AOC - 1

Statement containing salient features of the financial statements of Subsidiaries (Pursuant to provision to sub-section (3) of section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)

1. Name of the Subsidiaries: i. Magnatar Aero Systems Private Limited
ii. Gee Pee Aerospace & Defence Private Limited
2. Reporting Period: 01.04.2022 to 31.03.2023
3. Reporting Currency: Indian Rupee

(Amount in Rs.)

S. No.	Particulars	Magnatar Aero System Private Limited	Gee Pee Aerospace & Defence Private Limited
1.	Share Capital	1,00,000	30,83,500
2.	Reserves and surplus	(3,16,920)	51,46,065
3.	Total Assets	1,37,486	7,09,60,369
4.	Total Liabilities	1,37,486	7,09,60,369
5.	Investments	0	0
6.	Turnover	0	2,63,95,531
7.	Profit / loss before Taxation	(71,869)	(60,57,407)
8.	Provision for Taxation	0	(1,18,612)
9.	Profit / loss after Taxation	(71,869)	(59,38,796)
10.	Proposed Dividend	0	0
11.	% of Shareholding	100%	100%

1. Names of Subsidiaries which are yet to commence operation: **Magnatar Aero System Private Limited**
2. Names of subsidiaries which have been liquidated or sold during the year: **None**

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of MTAR Technologies Limited

Report on the Audit of the Standalone Financial Statements**Opinion**

We have audited the accompanying standalone financial statements of MTAR Technologies Limited ("the Company"), which comprise the Balance sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial

statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matters	How our audit addressed the key audit matter
<p>Revenue recognition for long term projects (as described in Note 2.2(f) and 20 of the standalone financial statements)</p> <p>Revenue from contracts with customer is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. During the year ended March 31, 2023, the Company has recognised revenue amounting to Rs. 1,123.25 millions and Rs. 4,506.28 millions from domestic and export sales respectively.</p>	<p>Our audit procedures, among others included the following:</p> <ul style="list-style-type: none"> Assessed the Company's revenue recognition policy in terms of Ind AS 115 ("Revenue from Contracts with Customers"). Obtained an understanding, assessed the design and tested the operating effectiveness of internal controls related to revenue recognition.

Key audit matters	How our audit addressed the key audit matter
<p>Revenue recognition for long term projects (as described in Note 2.2(f) and 20 of the standalone financial statements)</p>	
<p>The point at which control passes is determined based on the terms and conditions by each customer arrangement i.e., delivery specifications including incoterms in case of exports. The risk is, therefore, that revenue may not get recognised in the correct period.</p> <p>Accordingly, due to the significant risk associated with revenue recognition in accordance with terms of Ind AS 115 'Revenue from contracts with customers', it has been determined to be a key audit matter in our audit of the standalone financial statements.</p>	<p>Performed the following tests for a sample of transactions</p> <ul style="list-style-type: none"> o tested supporting documentation for sales transactions recorded during the year which included sales invoices, customer contracts / sales orders, shipping documents and other related documents. o verified whether the recognition of revenue is in accordance with the incoterms / when the conditions for revenue recognitions are satisfied. <ul style="list-style-type: none"> • Tested the supporting documentation for sample of sales transactions recorded during the period closer to the year end and subsequent to the year end to agree the period of revenue recognition to underlying documents as referred above. • Assessed the relevant disclosures made in the standalone financial statements.

We have determined that there are no other key audit matters to communicate in our report.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including

other comprehensive loss, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit paragraph we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

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

(e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 32 to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

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

- v. No dividend has been declared or paid during the year by the Company.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Atin Bhargava

Partner

Membership Number: 504777

UDIN: 23504777BGXMFF9270

Place of Signature: Hyderabad

Date: May 17, 2023

Annexure 1 referred to in paragraph under the heading “Report on Other legal and Regulatory Requirements” of our report of even date

Re: MTAR Technologies Limited (“the Company”)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
 (B) The Company has maintained proper records showing full particulars of intangibles assets.
- (b) All Property, Plant and Equipment have not been physically verified by the management during the year, but there is regular programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noted on such verification.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate.
- (b) As disclosed in note 17 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company.

- (iii) (a) During the year the Company has provided loans as follows

(Amount in Rs. million)

	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount granted / provided during the year - Subsidiaries	Nil	Nil	41.67	Nil
Balance outstanding as at balance sheet date in respect of above cases - Subsidiaries	Nil	Nil	41.67	Nil

During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties.

- (b) During the year the investments made and the terms and conditions of the grant of a loan, investments and guarantees to a company are not prejudicial to the Company’s interest. During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to any company, firms, Limited Liability Partnerships or any other parties other than mentioned above

- (c) The Company has granted loan during the year to a company where the schedule of repayment of principal and payment of interest has been stipulated; however, the repayment of principal or payment of interest is not due. The Company has not granted loans and advances in the nature of loans to firms, Limited Liability Partnerships or any other parties.

- (d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.
- (e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties which had fallen due during the year.
- (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) Loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable have been complied with by the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of high precision machinery and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, duty of customs, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provision of sales-tax, servicduty of excise and value added tax are not applicable to the Company.
- (b) There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, duty of customs, cess, and other statutory dues which have not been deposited on account of any dispute.
- (viii) The Company has not surrendered or disclosed any transaction, previously unre-corded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) Term loans were applied for the purpose for which the loans were obtained.
- (d) On an overall examination of the standalone financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries Company. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x) (a) Monies raised during the financial year 2020-21 by the Company by way of initial public offer were applied for the purpose for which they were raised, though idle/surplus funds which were not required for immediate utilization have been invested in fixed deposits with original maturity period of less than three months. The maximum amount of idle/surplus funds invested during the year was Rs. 427.79 million, of which Rs. Nil was outstanding at the end of the year.

- (b) The Company has not made any preferential allotment or private placement of shares / fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor or secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in Note 39 to the standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in Note 31 to the financial statements.
- (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in Note 31 to the financial statements.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number:101049W/E300004

per Atin Bhargava
Partner
Membership Number: 504777
UDIN: 23504777BGXMFF9270

Place of Signature: Hyderabad
Date: May 17, 2023

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MTAR TECHNOLOGIES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of MTAR Technologies Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a

material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

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

Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Atin Bhargava**

Partner

Membership Number: 504777

UDIN: 23504777BGXMFF9270

Place of Signature: Hyderabad

Date: May 17, 2023

Standalone Balance Sheet as at March 31, 2023

(All amounts are in Indian rupees in millions, except share data and unless otherwise stated)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
Assets			
Non-current assets			
Property, plant and equipment	3	2,815.16	1,953.86
Capital work in progress	3.1	631.61	438.00
Intangible assets	3	7.94	10.09
Investment in subsidiaries	4 (a)	66.94	0.10
Financial assets			
Investments	4 (b)	0.10	0.10
Loans	5 (a)	41.67	-
Other financial assets	5 (b)	21.33	21.62
Non-current tax assets (net)	6	5.00	5.17
Other non-current assets	7	81.84	216.18
		3,671.59	2,645.12
Current Assets			
Inventories	9	3,859.67	1,703.16
Financial assets			
Investment in mutual funds	4(c)	274.74	623.30
Trade receivables	10	2,081.16	1,359.84
Cash and cash equivalents	11	122.29	595.47
Bank balances other than cash and cash equivalents	12	187.52	73.77
Other financial assets	5 (b)	50.13	67.33
Other current assets	8	382.35	209.70
		6,957.86	4,632.57
Total assets		10,629.45	7,277.69
Equity and liabilities			
Equity			
Equity share capital	13	307.59	307.59
Other equity	14	5,900.53	4,890.05
Total equity		6,208.12	5,197.64
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	17	777.23	259.47
Provisions	15	56.25	4.24
Deferred tax liabilities (net)	16	180.10	162.83
		1,013.58	426.54
Current liabilities			
Financial liabilities			
Borrowings	17	650.70	699.46
Trade payables	18		
- dues of micro, small and medium enterprises		119.13	7.20
- dues of creditors other than micro, small and medium enterprises		2,061.56	563.20
Other financial liabilities	17A	70.18	24.27
Provisions	15	18.54	30.37
Current tax liabilities (net)	6	22.06	2.87
Other current liabilities	19	465.58	326.14
		3,407.75	1,653.51
Total equity and liabilities		10,629.45	7,277.69
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered accountants
ICAI Firm registration number: 101049W/E300004

per Atin Bhargava
Partner
Membership no: 504777

Hyderabad
Date: May 17, 2023

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

Parvat Srinivas Reddy
Managing Director
DIN: 00359139

Gunneswara Rao Pusarla
Chief Financial Officer

Hyderabad
Date: May 17, 2023

Venkatasathkumar Reddy Gangapatnam
Director
DIN: 06535717

Shubham Sunil Bagadia
Company Secretary
Membership no: ACS-55748

Standalone statement of profit and loss for the year ended March 31, 2023

(All amounts are in Indian rupees in millions, except share data and unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Income			
Revenue from operations	20	5,733.47	3,220.06
Other income	21	197.02	87.53
Total income		5,930.49	3,307.59
Expenses			
Cost of materials consumed	22	3,147.23	1,574.05
Changes in inventories of work-in-progress	23	(456.84)	(411.54)
Employee benefit expense	24	923.63	707.77
Finance costs	25	145.02	66.49
Depreciation and amortisation expense	26	182.71	143.10
Other expenses	27	579.83	405.45
Total expenses		4,521.58	2,485.32
Profit before tax		1,408.91	822.27
Tax expense	28		
Current tax		340.71	179.95
Deferred tax		27.45	33.51
Total tax expense		368.16	213.46
Profit for the year		1,040.75	608.81
Other comprehensive income (OCI)			
OCI not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/ (losses) on defined benefit plans		(40.45)	8.21
Income tax effect		10.18	(2.39)
OCI for the period, net of tax		(30.27)	5.82
Total comprehensive income for the year		1,010.48	614.63
Earnings per equity share of Rs. 10 each fully paid	29		
Basic and diluted, computed on the basis of profit attributable to equity holders		33.83	19.79
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered accountants
ICAI Firm registration number: 101049W/E300004

per Atin Bhargava
Partner
Membership no: 504777

Hyderabad
Date: May 17, 2023

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

Parvat Srinivas Reddy
Managing Director
DIN: 00359139

Gunneswara Rao Pusarla
Chief Financial Officer

Hyderabad
Date: May 17, 2023

Venkatasatishkumar Reddy Gangapatnam
Director
DIN: 06535717

Shubham Sunil Bagadia
Company Secretary
Membership no: ACS-55748

Standalone statement of cash flows for the year ended March 31, 2023

(All amounts are in Indian rupees in millions, except share data and unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A Cash flow from operating activities		
Profit before tax	1,408.91	822.27
<i>Adjustments to reconcile profit before tax to net cash flows</i>		
Depreciation and amortisation expense	182.71	143.10
Finance costs	145.02	66.49
Liabilities no longer required written back	-	(2.72)
Gain on sale / revaluation of mutual fund	(27.94)	(19.64)
Unrealised exchange gain	(6.55)	(14.00)
Loss on sale of PPE	1.81	-
Interest income	(16.49)	(34.23)
Operating profit before working capital changes	1,687.47	961.27
<i>Movements in working capital:</i>		
Increase in trade receivables	(714.77)	(573.06)
Increase in inventories	(2,156.51)	(677.72)
Decrease in current and non current financial assets	13.88	57.55
Increase in other current and non current assets	(169.46)	(58.39)
Increase in trade payables	1,610.29	225.68
Increase / (decrease) in other current liabilities	139.44	(67.37)
Increase / (decrease) in provisions	(0.27)	14.00
Cash generated (used in) / from operations	410.07	(118.03)
Income tax paid (net of refunds)	(321.34)	(179.99)
Net cash flows (used in) / from operating activities (A)	88.73	(298.02)
B Cash flow used in investing activities		
Purchase of property, plant and equipment, including intangible assets, capital work in progress, capital creditors and capital advances	(1,065.09)	(910.96)
Proceeds from Sale of Property Plant and Equipment	6.10	-
Investment in units of mutual fund	(323.50)	(779.67)
Investment in Subsidiary	(66.84)	-
Loans to Subsidiary	(41.67)	-
Receipt from redemption in units of mutual fund	700.00	176.00
(Investment in) / redemption from bank deposits (net)	(108.75)	29.02
Interest received	15.10	35.63
Net cash flows used in investing activities (B)	(884.65)	(1,449.98)
C Cash flow from financing activities		
Dividend paid	-	(184.56)
Proceeds from long term borrowings	738.46	415.99
Repayment of long term borrowings	(174.89)	(50.00)
Proceeds from / (repayment of) short term borrowings (net)	(94.58)	423.17
Finance costs paid	(146.25)	(64.00)
Net cash flows from financing activities (C)	322.74	540.60
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(473.18)	(1,207.40)
Cash and cash equivalents at the beginning of the year	595.47	1,802.87
Cash and cash equivalents at the end of the year	122.29	595.47

Standalone statement of cash flows for the year ended March 31, 2023

(All amounts are in Indian rupees in millions, except share data and unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
Components of cash and cash equivalents		
Cash on hand	0.18	0.13
<i>Balance with banks:</i>		
Current accounts	122.11	4.44
On Monitoring account	-	8.04
Deposits with monitoring agency for amount received for IPO and Pre-IPO with original maturity of less than 3 months	-	432.31
Deposits with original maturity of less than three months	-	150.55
Total cash and cash equivalents	122.29	595.47

The reconciliation between the opening and the closing balances for liabilities arising from financing activities (long-term borrowings, including current maturities and short-term borrowings) is as follows:

Particulars	Opening balance	Proceeds / (repayment) (net)	Forex loss / (gain)	Closing balance
For the year ended March 31, 2023				
Long-term including current maturities	487.25	563.57	-	1,050.82
<i>Short-term</i>	471.68	(94.57)	-	377.11
For the year ended March 31, 2022				
Long-term including current maturities	121.26	365.99	-	487.25
Short-term	48.51	419.66	3.51	471.68
Summary of significant accounting policies	2.2			

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered accountants
ICAI Firm registration number: 101049W/E300004

per **Atin Bhargava**
Partner
Membership no: 504777

Hyderabad
Date: May 17, 2023

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

Parvat Srinivas Reddy
Managing Director
DIN: 00359139

Gunneswara Rao Pusarla
Chief Financial Officer

Hyderabad
Date: May 17, 2023

Venkatasathishkumar Reddy Gangapatnam
Director
DIN: 06535717

Shubham Sunil Bagadia
Company Secretary
Membership no: ACS-55748

Standalone statement of changes in equity for the year ended March 31, 2023

(All amounts are in Indian rupees in millions, except share data and unless otherwise stated)

a) Equity share capital		
Equity shares of Rs. 10 each, issued, subscribed and fully paid up	No. of shares	Amount
As at April 01, 2021	30,759,591	307.59
Add: Issued during the year	-	-
As at March 31, 2022	30,759,591	307.59
Add: Issued during the year	-	-
As at March 31, 2023	30,759,591	307.59

Other Equity

Particulars	Securities premium	Capital redemption reserve	Retained Earnings	Total
As at April 01, 2021	3,199.56	14.55	1,245.87	4,459.98
Profit for the year	-	-	608.81	608.81
Equity dividend	-	-	(184.56)	(184.56)
Other comprehensive income for the year	-	-	5.82	5.82
As at March 31, 2022	3,199.56	14.55	1,675.94	4,890.05
Profit for the year	-	-	1,040.75	1,040.75
Other comprehensive income for the year	-	-	(30.27)	(30.27)
As at March 31, 2023	3,199.56	14.55	2,686.42	5,900.53

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered accountants

ICAI Firm registration number: 101049W/E300004

per Atin Bhargava

Partner

Membership no: 504777

Hyderabad

Date: May 17, 2023

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

Parvat Srinivas Reddy

Managing Director

DIN: 00359139

Gunneswara Rao Pusarla

Chief Financial Officer

Hyderabad

Date: May 17, 2023

Venkatasathishkumar Reddy Gangapatnam

Director

DIN: 06535717

Shubham Sunil Bagadia

Company Secretary

Membership no: ACS-55748

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

1 Corporate Information

MTAR Technologies Limited ("MTAR" or "the Company") was a private limited Company domiciled in India, and incorporated on November 11, 1999 under the provisions of the erstwhile Companies Act, 1956 replaced with Companies Act 2013 ("Act") w.e.f. April 1, 2014 with its registered office at 18, Technocrats Industrial Estate, Balanagar, Hyderabad, Telangana, India 500037. The Company is engaged in the business of manufacturing high precision and heavy equipment, components, machines for sectors including nuclear, aerospace, defence, etc. The Company has become a Public Limited Company w.e.f. November 2, 2020 and consequently the name of the Company has changed from MTAR Technologies Private Limited to MTAR Technologies Limited. The Company listed its shares in both BSE and NSE on March 15, 2021.

2 Significant accounting policies

These notes provide a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The Standalone financial statements for the year ended March 31, 2023 comprising of Standalone balance sheet as at March 31, 2023, Standalone statement of profit and loss, including the Standalone statement of other comprehensive income, Standalone cash flow statement and Standalone statement of changes in equity for the year ended, and a summary of explanatory notes (together hereinafter referred to as "financial statements") have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended including presentation requirements of Division II of Schedule III to the Companies Act, 2013 (Ind AS Compliant Schedule III), as applicable to the standalone financial statements (to the extent notified) and other accounting principles generally accepted in India.

The financial statements has been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), and
- Defined benefits plan- plan assets measured at fair value

The financial statements are presented in Indian Rupees "INR" or "Rs." and all values are stated as Indian Rupees in millions, except when otherwise indicated.

2.2 Summary of significant accounting policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

A liability is current when:

+91 93953 87386

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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

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

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

b) Property, plant and equipment

Freehold land is carried at cost, net of tax / duty credit availed, net of accumulated impairment, if any. All other items of property, plant and equipment are stated at cost, net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Capital work-in-progress (CWIP) includes cost of property, plant and equipment under installation/ under development, net of accumulated impairment loss, if any, as at the balance sheet date.

Directly attributable expenditure incurred on project under implementation are shown under CWIP. At the point when an asset is capable of operating in the manner intended by management, the capital work in progress is transferred to the appropriate category of property, plant and equipment.

Cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date are recognised as capital advance.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, which is equal to the life prescribed under the Schedule II to the Companies Act, 2013.

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

The useful lives estimated by the management are given below:

Category of Asset	Estimated useful life (years)
Property, plant and equipment	
Buildings	30
Plant and machinery	15
Electrical equipment	5
Furniture and fixtures	10
Office equipment	5
Computers	3/ 6 years
Vehicles	8

The residual value, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial period end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other (income)/expense, net" in the statement of profit and loss.

C) Intangible assets

Costs relating to computer software, which is acquired, are capitalised and amortised on a straight-line basis over their estimated useful lives of three years.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

d) Inventories

Inventories are valued at the lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

i. Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

ii. Finished goods and work-in-progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.

e. 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.

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(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus. An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

f) Revenue

(i) Revenue from contract with customers

Revenue from contracts with customer is recognised when control of the goods or services are transferred to the customer. The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are net of returns, trade allowances, rebates. Amounts collected on behalf of third parties such as Goods and service Tax (GST) are excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

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(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Sale of goods

Revenue is recognized at the point in time when control of the goods is passed to the customer. The point at which control passes is determined based on the terms and conditions by each customer arrangement, but generally occurs on delivery to the customer. The contracts that Company enters into relate to sales order containing single performance obligations for the delivery of goods as per Ind AS 115. Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods to a customer. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Contract Balances

Contract assets

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

Trade receivable

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

Contract liabilities

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

(ii) Export benefits

Export benefits are recognised where there is reasonable assurance that the benefit will be received and all attached conditions will be complied with. Export benefits on account of export promotion schemes are accrued and accounted in the period of export and are included in other operating revenue.

(iii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(iv) Dividend income

Dividend income from investments is recognised in the year in which the right to receive the payment is established

g) Borrowing costs

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

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

h) Foreign currency transactions

Items included in the financial statements of Company are measured using currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Indian rupees (INR), which is the functional currency of the Company.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in INR at spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at INR spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss. Net loss relating to translation or settlement of borrowings denominated in foreign currency are reported within finance costs

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

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (f) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

Debt instruments at amortised cost

Debt instruments at fair value through other comprehensive income (FVTOCI)

Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Debt instruments at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

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(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Debts Instrument at FVTPL

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss. This category includes listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

Equity instruments designated at fair value through OCI

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading are classified as at FVTPL. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Investment in Subsidiaries:

The Company has elected to recognize its investments in subsidiaries at cost less accumulated impairment loss, if any in accordance with the option available in Ind AS 27, 'Separate Financial Statements'. Cost represents amount paid for acquisition of the said investments.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss. The details of such investment are given in Note 4. Refer to the accounting policies in (g) Impairment of non-financial assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

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

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When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition.

ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities is as described below:

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

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De-recognition

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

Reclassification of financial instruments

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

j) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating officer/ chief executive officer. The chief operating officer/ chief executive officer is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker.

k) 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.

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (notes 32)
- Investment in unquoted equity shares (note 4)
- Financial instruments (including those carried at amortised cost) (notes 5, 9, 10, 11, 16, 17, 17A, 33, 36)

I) Taxes

Current income tax

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

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

Deferred tax

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

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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 asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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m) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is 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 prepayment will lead to, for example, a reduction in future payment or a cash refund.

The cost of providing benefits under the defined benefit plan is determined based on actuarial valuation using the projected unit credit method.

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

Past service costs are recognised in statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

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 recognises expected cost of short-term employee benefit as an expense, when an employee renders the related service.

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

n) Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

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

Contingent assets are neither recognized nor disclosed in the financial statements.

o) Earnings per share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

p) Cash and cash equivalents

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

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

q) Cash dividend to equity holders of the Company

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. A corresponding amount is recognised directly in equity.

r) Recent accounting pronouncements:

Standards issued but not yet effective and not early adopted by the Company

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

- Ind AS 1 - Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose standalone financial statements. The Company does not expect this amendment to have any significant impact in its standalone financial statements.

- Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in standalone financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in standalone financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its standalone financial statements.

- Ind AS 12 - Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its standalone financial statements.

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions, except share data and unless otherwise stated)

Note 3 : Property, plant and equipment and intangible assets

	Freehold land	Buildings	Plant and machinery	Electrical equipment	Furniture and fixtures	Office equipment	Computers	Vehicles	Total property, plant and equipment	Intangible assets - software	Total
As at April 01, 2021	467.14	417.79	1,276.12	19.07	18.49	7.46	26.36	6.79	2,239.22	33.89	2,273.11
Additions during the year	-	30.71	381.11	0.09	3.34	2.24	8.37	4.80	430.66	5.74	436.40
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2022	467.14	448.50	1,657.23	19.16	21.83	9.70	34.73	11.59	2,669.88	39.63	2,709.51
Additions during the year	-	275.39	714.28	11.73	17.13	10.35	8.68	8.12	1,045.68	4.09	1,049.77
Disposals during the year	-	-	45.19	-	-	-	-	-	45.19	-	45.19
As at March 31, 2023	467.14	723.89	2,326.32	30.89	38.96	20.05	43.41	19.71	3,670.37	43.72	3,714.09

Accumulated depreciation and amortisation

As at April 01, 2021	-	59.18	460.95	16.67	14.72	5.71	17.27	3.56	578.06	24.41	602.47
Charge for the year	-	16.30	113.53	0.31	1.86	0.74	4.18	1.04	137.96	5.13	143.09
Disposals for the year	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2022	-	75.48	574.48	16.98	16.58	6.45	21.45	4.60	716.02	29.54	745.56
Charge for the year	-	22.98	141.22	1.62	1.06	1.69	6.35	1.55	176.47	6.24	182.71
Disposals for the year	-	-	37.28	-	-	-	-	-	37.28	-	37.28
As at March 31, 2023	-	98.46	678.42	18.60	17.64	8.14	27.80	6.15	855.21	35.78	890.99
Net block	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2023	467.14	625.43	1,647.90	12.29	21.32	11.91	15.61	13.56	2,815.16	7.94	2,823.10
As at March 31, 2022	467.14	373.02	1,082.75	2.18	5.25	3.25	13.28	6.99	1,953.86	10.09	1,963.95

Certain land and buildings are subject to a first charge to secure the Company's bank loans. (refer note 17)

Note 3.1: Capital work in progress

Particulars	Amount
As at March 31, 2021	105.20
Add: Additions	733.89
Less: Capitalised during the year	(401.09)
As at March 31, 2022	438.00
Additions (subsequent expenditure)	1,243.38
Capitalised during the year	(1,049.77)
As at March 31, 2023	631.61

Capital work in progress (CWIP)

(a) Ageing schedule

	March 31, 2023					March 31, 2022				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	593.69	34.4	-	3.55	631.61	434.45	-	-	3.55	438.00
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
Total	593.69	34.37	-	3.55	631.61	434.45	-	-	3.55	438.00

(b) There are no project for whose the completion is overdue or has exceeded its cost as compared to its original plan.

4 Investments

	As at March 31, 2023	As at March, 31 2022
Non-current investments		
Unquoted equity shares		
(a) In wholly owned subsidiaries (at cost)		
Magnatar Aero Systems Private Limited		
[99,800 (March 31, 2021: 99,800) equity shares of par value Rs. 1 each fully paid]	0.10	0.10
Gee Pee Aerospace and Defence Private Limited		
[30,835 (March 31, 2022: Nil) equity shares of par value Rs. 100 each fully paid]	66.84	-
	66.94	0.10
(b) Others (at fair value through profit or loss)		
Samuha Engineering Industries Limited		
[10,000 (March 31, 2021: 10,000) equity shares of par value Rs. 10 each fully paid]	0.10	0.10
	0.10	0.10
Current investments		
Quoted		
(c) Mutual fund units (at fair value through profit or loss)		
5,981,637.72 units (March 31, 2022: 17,527,497.45 units) of SBI savings fund- direct plan- growth	224.74	623.30
4,999,750.01 units (March 31, 2022: Nil) of SBI fixed maturity plan- regular growth	50.00	-
	274.74	-
Aggregate amount of unquoted investments- in wholly owned subsidiaries	66.94	0.10
Aggregate amount of unquoted investments- in others	0.10	0.10

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

5 Financial assets

(a) Loans

	As at March 31, 2023	As at March, 31 2022
Loans to subsidiaries (refer note 36)	41.67	-
	41.67	-

Disclosure under section 186 (4) of the Companies Act 2013

Name of party	Purpose of loan	Rate of Interest	Secured / unsecured	Maximum amount	As at March 31, 2023	As at March, 31 2022
Gee Pee Aerospace and Defence Private	Business	10% p.a	Unsecured	41.67	41.67	-

(b) Financial assets - others

Unsecured, considered good unless stated otherwise

	As at March 31, 2023	As at March, 31 2022
Non-current		
Security deposits	21.33	16.16
Non-current bank balances (refer note 12)	-	5.00
Interest accrued on bank deposits	-	0.46
	21.33	21.62
Current		
Contract asset- unbilled revenue	-	2.36
Security deposit	-	29.82
Retention money	44.94	31.53
Interest accrued on bank deposits	4.55	2.70
Loans and advances to employees	0.64	0.92
	50.13	67.33

6 Non current tax assets (net) / current tax liabilities (net)

	As at March 31, 2023	As at March, 31 2022
Non-current tax asset (net)		
Advance income tax (net)	5.00	5.17
Liability for current tax		
Tax liability	(22.06)	(2.87)
	(17.06)	2.30

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

7 Other non-current assets

	As at March 31, 2023	As at March, 31 2022
Non-current		
Unsecured, considered good		
Prepaid expenses	10.80	12.76
Advance for capital goods	45.51	177.89
Balances recoverable from government authorities	25.53	25.53
	81.84	216.18
Unsecured, considered doubtful		
Balances recoverable from government authorities	12.97	12.97
Less: Provision for doubtful receivable	(12.97)	(12.97)
Balance at the end of the year	-	-

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Movement in provision for doubtful receivable

	As at March 31, 2023	As at March, 31 2022
Balance at the beginning of the year	12.97	12.97
Provision made during the year	-	-
Balance at the end of the year	12.97	12.97

8 Other current assets

	As at March 31, 2023	As at March, 31 2022
Current		
Unsecured, considered good		
Advance to related parties (refer note 36)	0.27	0.24
Advance to suppliers	43.20	63.86
Prepaid expenses	22.57	20.07
Export benefits receivable	0.74	27.49
Balances recoverable from government authorities	315.57	98.04
	382.35	209.70

9 Inventories (at lower of cost and net realisable value)

	As at March 31, 2023	As at March, 31 2022
Raw materials	2,418.06	718.39
[Includes in transit: Rs. 748.04 (March 31, 2022: Rs. 252.79)]		
Work-in-progress	1,441.61	984.77
	3,859.67	1,703.16

Write down of inventories to net realisable value amounted to Rs. 15.84 (March 31, 2021: Rs. 15.84). These were recognised as an expense during the year and included in 'cost of materials consumed and changes in inventories of work-in-progress'

10 Trade receivables

	As at March 31, 2023	As at March, 31 2022
Current		
Unsecured considered good	2,081.16	1,359.84
	2,081.16	1,359.84

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

The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Trade receivables ageing schedule

As at March 31, 2023

	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Unsecured considered good	1,936.92	108.17	25.80	9.14	1.13	-	2,081.16
Trade receivables- credit impaired	-	-	-	-	-	-	-
Total	1,936.92	108.17	25.80	9.14	1.13	-	2,081.16

As at March 31, 2022

	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Unsecured considered good	1,177.51	175.72	3.08	3.53	-	-	1,359.84
Trade receivables- credit impaired	-	-	-	-	-	-	-
Total	1,177.51	175.72	3.08	3.53	-	-	1,359.84

11 Cash and cash equivalents

	As at March 31, 2023	As at March, 31 2022
Cash on hand	0.18	0.13
Balances with banks		
On current accounts	122.11	4.44
On Monitoring agency account	-	8.04
Deposits with monitoring agency for amount received for IPO and Pre-IPO with original maturity of less than 3 months	-	432.31
Deposits with original maturity less than 3 months	-	150.55
	122.29	595.47

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

12 Balances at bank other than cash and cash equivalents

	As at March 31, 2023	As at March, 31 2022
Margin money deposits*		
Deposits with original maturity for more than three months but remaining maturity of less than twelve months	187.52	73.77
Deposits with remaining maturity of more than twelve months	-	5.00
Less: Amount clubbed under 'non-current financial assets- others' (refer note 5)	-	(5.00)
	187.52	73.77

* Margin money deposits represent security held by bank for the bank guarantees of Rs. 1,128.47 (March 31, 2022: Rs. 810.17) issued by the bankers on behalf of the Company.

Breakup of financial assets carried at fair value through profit or loss:

	As at March 31, 2023		As at March, 31 2022	
	Carrying value	Fair value	Carrying value	Fair value
Investment in units of mutual funds (quoted)	274.74	274.74	623.30	623.30
Investments in unquoted equity shares (others)	0.10	0.10	0.10	0.10
Total financial assets carried at fair value through profit or loss	274.84	274.84	623.40	623.40

Breakup of financial assets carried at amortised cost:

	As at March 31, 2023		As at March, 31 2022	
	Carrying value	Fair value	Carrying value	Fair value
Trade receivables	2,081.16	2,081.16	1,359.84	1,359.84
Cash and cash equivalent	122.29	122.29	595.47	595.47
Balances at bank other than cash and cash equivalents	187.52	187.52	73.77	73.77
Retention money	44.94	44.94	31.53	31.53
Loan to related parties	41.67	41.67	-	-
Security deposits	21.33	21.33	45.98	45.98
Non-current bank balances	-	-	5.00	5.00
Contract asset- unbilled revenue	-	-	2.36	2.36
Interest accrued	4.55	4.55	3.16	3.16
Loans and advances to employees	0.64	0.64	0.92	0.92
Total financial assets carried at amortised cost	2,504.10	2,504.10	2,118.03	2,118.03

The management assessed that cash and cash equivalents and trade receivables approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

For financial assets that are measured at fair value, the carrying amounts are equal to the fair values. The fair values of the financial assets included above have been determined in accordance with generally accepted pricing models.

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

13. Equity share capital

	As at March 31, 2023		As at March, 31 2022	
	Number of shares	Amount	Number of shares	Amount
Authorised share capital				
Equity shares of Rs. 10 each	66,000,000	660.00	66,000,000	660.00
Issued, subscribed and fully paid up shares				
Equity shares of Rs. 10 each	30,759,591	307.59	30,759,591	307.59

(a) Reconciliation of equity shares outstanding at beginning and at end of the year:

	As at March 31, 2023		As at March, 31 2022	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	30,759,591	307.59	30,759,591	307.59
Issued during the year	-	-	-	-
At the end of the year	30,759,591	307.59	30,759,591	307.59

(b) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of shareholders holding more than 5% equity shares in the Company

Name of the shareholder	As at March 31, 2023		As at March, 31 2022	
	Number of shares	%	Number of shares	%
(ii) Vamshidhar Reddy Kallem	2,091,559	6.80%	2,091,559	6.80%
(iii) K. Shalini	2,091,483	6.80%	2,091,483	6.80%
(iv) Leelavathi Parvatha Reddy	1,618,712	5.26%	1,618,712	5.26%

As per records of the Company, including its register of shareholders/members, the above shareholding represents both legal and beneficial ownership of shares.

(d) Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

(i) There are no equity shares issued as bonus and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

(ii) During the year ended March 31, 2020, the Company has bought back 1,454,541 equity shares of Rs. 10 each.

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

(e) Details of shares held by promoters

As at March 31, 2023

Equity shares of Rs. 10 each fully paid

Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
K Vamshidhar Reddy	2,091,559	-	2,091,559	6.80%	0.00%
K Shalini	2,091,483	-	2,091,483	6.80%	0.00%
Leelavathi Parvatha Reddy	1,618,712	-	1,618,712	5.26%	0.00%
P Srinivas Reddy	1,392,903	-	1,392,903	4.53%	0.00%
D Anitha Reddy	1,480,431	(200,000)	1,280,431	4.16%	-0.65%
Usha Reddy Chigarapalli	1,405,445	(200,000)	1,205,445	3.92%	-0.65%
P Kalpana Reddy	1,025,000	-	1,025,000	3.33%	0.00%
Kavitha Reddy Gangapatnam	1,305,446	(3,10,000)	9,95,446	3.24%	-1.01%
Saranya Loka Reddy	1,034,265	(1,09,599)	9,24,666	3.01%	-0.36%
Mitta Madhavi	7,76,321	(5,000)	7,71,321	2.51%	-0.02%
A Manogna	7,43,813	(1,00,000)	6,43,813	2.09%	-0.33%
Anushman Reddy	2,68,128	-	2,68,128	0.87%	0.00%
Northeast Broking Services Limited	2,25,000	(190,000)	35,000	0.11%	-0.62%
Total	1,54,58,506	(11,14,599)	1,43,43,907	46.63%	-3.62%

As at March 31, 2022

Equity shares of Rs. 10 each fully paid

Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
K Vamshidhar Reddy	2,091,559	-	2,091,559	6.80%	0.00%
K Shalini	2,091,483	-	2,091,483	6.80%	0.00%
Leelavathi Parvatha Reddy	1,718,712	(100,000)	1,618,712	5.26%	-0.33%
D Anitha Reddy	1,079,047	4,01,384	1,480,431	4.81%	1.30%
Usha Reddy Chigarapalli	1,004,062	4,01,383	1,405,445	4.57%	1.30%
P Srinivas Reddy	1,392,903	-	1,392,903	4.53%	0.00%
Kavitha Reddy Gangapatnam	9,04,063	4,01,383	1,305,446	4.24%	1.30%
Saranya Loka Reddy	9,34,265	1,00,000	1,034,265	3.36%	0.33%
P Kalpana Reddy	1,025,000	-	1,025,000	3.33%	0.00%
Mitta Madhavi	7,76,321	-	7,76,321	2.52%	0.00%
A Manogna	7,43,813	-	7,43,813	2.42%	0.00%
Anushman Reddy	2,67,598	530	2,68,128	0.87%	0.00%
Northeast Broking Services Limited	2,25,000	-	2,25,000	0.73%	0.00%
P Jayaprakash Reddy	70	(70)	-	0.00%	0.00%
Girija Reddy Parvatha	1,204,080	(1,204,080)	-	0.00%	-3.91%
Total	1,54,57,976	530	1,54,58,506	50.26%	0.00%

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

14. Other Equity

	As at March 31, 2023	As at March, 31 2022
Securities premium		
Balance at the beginning of the year	3,199.56	3,199.56
Balance at the end of the year	3,199.56	3,199.56
Capital redemption reserve		
Balance at the beginning of the year	14.55	14.55
Balance at the end of the year	14.55	14.55
Retained earnings		
Balance at the beginning of the year	1,675.94	1,245.87
Add: Other comprehensive income / (loss) for the year	(30.27)	5.82
Add: Profit for the year	1,040.75	608.81
Less: Appropriations		
Final dividend- Nil (March 31, 2022: Rs. 3 per share)	-	(92.28)
Interim dividend- Nil (March 31, 2022: Rs. 3 per share)	-	(92.28)
Balance at the end of the year	2,686.42	1,675.94
	5,900.53	4,890.05

Nature and purpose of reserves

Security premium represents the amount received in excess of par value of equity shares. Section 52 of Companies Act, 2013 specifies regulation around application of premiums received on issue of shares. Accordingly, the Company has applied securities premium to write off Company's share of expenses incurred on fresh issue of equity shares.

Capital redemption reserve represents the amount of profits transferred from securities premium for the buy back of equity shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013

Retained earnings are the profits that the Company has earned till date, less dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the Company and eligible for distribution to shareholders.

15. Provisions

	As at March 31, 2023	As at March, 31 2022
Non-current		
Provision for employee benefits		
- Gratuity (refer note 30)	13.95	4.24
- Compensated absences	11.98	-
Other provisions	30.32	-
	56.25	4.24
Current		
Provision for employee benefits		
- Gratuity (refer note 30)	14.89	18.79
- Compensated absences	3.65	11.58
	18.54	30.37

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

16. Deferred tax liabilities (net)

	As at March 31, 2023	As at March, 31 2022
Deferred tax liability arising on account of timing differences relating to:		
Written down value difference of property, plant and equipment and intangible assets between tax and financial books	187.87	176.76
	187.87	176.76
Deferred tax asset arising on account of timing differences relating to:		
Expenses allowed on payment basis	7.77	13.93
	7.77	13.93
Deferred tax liability (net)	180.10	162.83

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

Break up of deferred tax (asset) / liabilities

	Opening balance	Recognised in the statement of profit and loss	Recognised in OCI	Closing balance
For the year ended March 31, 2023:				
Written down value difference of property, plant and equipment and intangible assets between tax and financial books	176.76	11.11	-	187.87
Expenses allowed on payment basis	(13.93)	16.34	(10.18)	(7.77)
	162.83	27.45	(10.18)	180.10
For the year ended March 31, 2022:				
Written down value difference of property, plant and equipment and intangible assets between tax and financial books	199.56	(22.80)	-	176.76
Expenses allowed on payment basis	(14.30)	(2.02)	2.39	(13.93)
MAT credit entitlement	(58.33)	58.33	-	-
	126.93	33.51	2.39	162.83

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

17. Borrowings

	As at March 31, 2023	As at March, 31 2022
Non-current		
Secured bank borrowings		
Long-term borrowings	777.23	259.47
Current maturity of long-term borrowings	273.59	227.78
	1,050.82	487.25
Less: Amount disclosed under "short-term borrowings"	(273.59)	(227.78)
	777.23	259.47
Current		
Secured bank borrowings		
Cash credit	377.08	235.92
Export packing credit (USD)	0.03	235.76
Current maturity of long-term borrowings	273.59	227.78
	650.70	699.46
Aggregate secured borrowings	1,427.93	958.93
Aggregate unsecured borrowings	-	-

1. The long-term borrowings including current maturities of Rs. 1,050.82 (March 31, 2022: Rs. 487.25) from banks is secured by collateral security against inventories, trade receivables and all other charges on current assets of the present and future current assets of the Company. The Company has not fully drawn the loan facility as at March 31, 2023.

(i) State Bank of India

- Exclusive charge on the entire property, plant and equipment purchased out of the loan facility.

(ii) HDFC Bank Limited

- Exclusive charge on the entire property, plant and equipment purchased out of the loan facility.

(iii) EXIM Bank

- Exclusive charge on the entire property, plant and equipment purchased out of the loan facility.

Particulars	Outstanding balance as at (' in mn)		Interest range % per annum	Balance number of installments as at		Frequency of installments	Repayments commencing from - to
	March 31, 2023	March 31, 2022		March 31, 2023	March 31, 2022		
State Bank of India	106.76	159.60	7.95 to 9.40	12	16	Quarterly	March 31, 2021 to March 31, 2026
HDFC Bank Limited	619.78	327.65	7.50 to 9.20	42	54	Monthly	April 01, 2022 to October 31, 2026
EXIM Bank	324.28	-	7.50	16	-	Quarterly	September 01, 2023 to August 31, 2027

2. Cash credit and export packing credit facility (USD) aggregating to Rs. 377.11 (March 31, 2022 : Rs. 471.68) is secured against inventories, trade receivables, and all other charges on current assets of the present and future current assets of the Company. Further the borrowing is secured by collateral security on the certain land and building of the Company.

The cash credit facility is repayable on demand and carries interest @ 5.50% to 8.40% p.a. (March 31, 2022 : 7.90% to 8.85% p.a.). The export packing credit in USD carries interest @ 2.53% to 5.50% p.a. (March 31, 2022: 1.59% to 2.34% p.a.).

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

17A Other Financial Liabilities

	As at March 31, 2023	As at March, 31 2022
Payable for capital goods	70.18	24.27
	70.18	24.27

18 Trade Payable

	As at March 31, 2023	As at March, 31 2022
- dues of micro and small enterprises	119.13	7.20
- dues of creditors other than micro and small enterprises	563.20	563.20
	2,180.69	570.40

Trade payables ageing schedule

As at March 31, 2023

	Outstanding for following periods from due date of payment					
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of MSME	-	119.13	-	-	-	119.13
Total outstanding dues of creditors other than MSME	913.38	1,143.40	4.43	0.35	-	2,061.56
Disputed dues of MSME	-	-	-	-	-	-
Disputed dues of creditors other than MSME	-	-	-	-	-	-
	913.38	1,262.53	4.43	0.35	-	2,180.69

Trade payables ageing schedule

As at March 31, 2022

	Outstanding for following periods from due date of payment					
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of MSME	-	7.20	-	-	-	7.20
Total outstanding dues of creditors other than MSME	338.13	220.60	4.47	-	-	563.20
Disputed dues of MSME	-	-	-	-	-	-
Disputed dues of creditors other than MSME	-	-	-	-	-	-
	338.13	227.80	4.47	-	-	570.40

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Disclosure pertaining to Micro, Small And Medium Enterprises Act (as per information available with the Company)

	As at March 31, 2023	As at March, 31 2022
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount remaining unpaid	119.13	7.20
Interest due thereon	-	-
	119.13	7.20
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	-	-

Breakup of financial liabilities carried at amortised cost:

	As at March 31, 2023		As at March, 31 2022	
	Carrying value	Fair value	Carrying value	Fair value
Borrowings- long-term including current maturities	1,050.82	1,050.82	487.25	487.25
Borrowings- short-term	377.11	377.11	471.68	471.68
Payable for capital goods	70.18	70.18	24.27	24.27
Trade payables	2,180.69	2,180.69	570.40	570.40
	3,678.80	3,678.80	1553.60	1553.60

The management assessed that trade payables, short-term borrowings and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial liabilities included above is 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.

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

19. Other Liabilities

	As at March, 31 2023	As at March, 31 2022
Current		
Statutory remittances	17.39	13.54
Contract liability- advance from customers	446.61	311.02
Others	1.58	1.58
	465.58	326.14

20. Revenue from Operations

	For the year ended March 31, 2023	For the year ended March 31, 2022
(A) Revenue from contracts with customers		
Sale of products	5,629.53	3,159.28
	5,629.53	3,159.28
(B) Other operating revenue		
- Others	103.94	60.78
	103.94	60.78
Total (A+B)	5,733.47	3,220.06

(i) Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	For the year ended March 31, 2023	For the year ended March 31, 2022
India	1,123.25	1,177.44
Outside India	4,506.28	1,981.84
	5,629.53	3,159.28
Timing of revenue recognition		
Goods transferred at a point of time	5,629.53	3,159.28
Total	5,629.53	3,159.28

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

(ii) Contract balances

	As at March, 31 2023	As at March, 31 2022
Trade receivable	2,081.16	1359.84
Retention money	44.94	31.53
Contract asset		
Unbilled revenue	-	2.36
Contract liabilities		
Advance from customer	446.61	311.02

The performance obligation is satisfied when control of the goods are transferred to the customers based on the contractual terms. Payment terms with customers vary depending upon the contractual terms of each contract.

Trade receivables and retention money are non-interest bearing. Refer note 10 for details on expected credit loss.

Unbilled revenue are initially recognised for revenue earned from transfer of goods and services but not billed to customer because the work completed has to meet requirements of various milestones as set out in the contract with customers. Upon fulfilling the milestones and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

Advance from customers pertain to balance received as advance from various parties as certain percentage of the order value. The same will be adjusted against the order on the basis of delivery and collection of receivables.

There is no difference in the contract price negotiated and the revenue recognised in the statement of profit and loss. There is no significant revenue recognised in the current year from performance obligations satisfied in previous years.

(iii) Amounts included in contract liabilities at the beginning of the period recognised as revenue in the current period of Rs. 185.59 (March 31, 2022: Rs. 347.76). Generally the advance from customers are settled over a period of 1 to 3 years.

21. Other Income

	For the year ended March 31, 2023	For the year ended March 31, 2022
Foreign exchange gain (net)	144.96	28.57
Interest on bank deposits	16.49	34.23
Liabilities no longer required written back	-	2.72
Unrealised MTM gain from mutual funds	27.94	19.64
Miscellaneous income	7.63	2.37
	197.02	87.53

* Includes unrealised gain/(loss) Rs. (10.35) [March 31, 2022: Rs. 14.89]

22. Cost of materials consumed

	For the year ended March 31, 2023	For the year ended March 31, 2022
Inventory at the beginning of the year	718.39	452.21
Add: Purchases	4,846.90	1840.23
Less: Inventory at the end of the year	(2,418.06)	(718.39)
	3,147.23	1574.05

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

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

23. Changes in inventories of work-in-progress

	For the year ended March 31, 2023	For the year ended March 31, 2022
Inventory at the beginning of the year	984.77	573.23
Less: Inventory at the end of the year	(1,441.61)	(984.77)
	(456.84)	(411.54)

24. Employee Benefit Expenses

	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	858.33	657.39
Contribution to provident and other funds [refer note 30 (II)]	31.43	27.13
Gratuity expense [refer note 30 (I)]	12.74	9.50
Staff welfare expenses	21.13	13.75
	923.63	707.77

25. Finance costs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expenses		
- Short term borrowings	46.45	9.65
- Long term borrowings	66.78	22.44
- Others	2.04	0.46
Bank charges	29.75	33.94
	145.02	66.49

26. Depreciation and amortisation expenses

	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation on property, plant and equipment	176.47	137.97
Amortisation on intangible assets	6.24	5.13
	182.71	143.10

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

27. Other Expenses

	For the year ended March 31, 2023	For the year ended March 31, 2022
Sub-contractor charges	85.93	80.14
Production expenses	125.18	67.85
Power and fuel	130.25	89.48
Material testing charges	5.37	4.11
Repairs and maintenance		
- Buildings	25.55	17.82
- Plant and machinery	36.02	23.37
- Others	4.41	5.20
Insurance	8.40	7.79
Rates and taxes	14.47	11.09
Communication	2.50	1.99
Travelling and conveyance	21.52	14.55
Printing and stationary	1.77	1.20
Freight and forwarding	19.05	2.90
Business Promotion	4.40	2.73
Legal and professional charges	36.93	34.24
Security Charges	8.52	9.37
Payment to auditors (refer below)	5.08	3.50
Loss on sale of property plant and equipment	1.81	-
CSR expenses (refer note 31)	11.70	9.65
Miscellaneous expenses	30.97	18.47
	579.83	405.45

Payment to auditors

	For the year ended March 31, 2023	For the year ended March 31, 2022
Statutory audit	4.75	3.50
Other services	0.33	-
	5.08	3.50

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

28. Tax expense

a) Income tax expense:

The major components of income tax expense

(i) Profit or loss section

	For the year ended March 31, 2023	For the year ended March 31, 2022
A. Current tax	340.71	179.95
B. Deferred tax		
Tax expense on origination and reversal of temporary difference	27.45	(24.82)
MAT credit utilisation	-	58.33
Income tax expense recognised in the statement of profit and loss	368.16	213.46

(ii) OCI Section

	For the year ended March 31, 2023	For the year ended March 31, 2022
Income tax expense to OCI	10.18	(2.39)

b) Reconciliation of effective tax rate:

	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax (A)	1,408.91	822.27
Enacted tax rate in India (B)	25.17%	29.12%
Expected tax expenses (C = A*B)	354.59	239.45
Tax effect of		
Adjustments for taxes with respect of earlier period	10.11	-
Expenses disallowed under Income Tax Act, 1961	3.21	1.78
Impact of change in tax rate for future period	-	(25.57)
Others	0.25	(2.20)
Total (D)	13.57	(25.99)
Expected tax expenses (C+D)	368.16	213.46
Income tax expenses	368.16	213.46
Effective tax rate	26.13%	25.96%

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

29. Earnings per share (EPS)

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit attributable to equity share holders	1,040.75	608.81
Weighted average number of equity shares in calculating basic and diluted EPS	3,07,59,591	3,07,59,591
Face value of each equity share (Rs.)	10.00	10.00
Basic and diluted earnings per share	33.83	19.79

30. Employment benefit plans

I. Defined benefits plan

The Employees' Gratuity Fund Scheme managed by a trust is a defined benefit gratuity plan which is administered through gratuity scheme with Life Insurance Corporation of India. Every employee who has completed five years or more of service gets gratuity, on retirement/termination, at 15 days last drawn salary for each completed year of service subject to a maximum of Rs. 2.00. The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for gratuity benefit.

A) Net employee benefit expense (recognised in employee benefits expense)

	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	12.67	8.42
Interest cost on defined benefit obligation	10.73	9.80
Interest (income) on plan assets	(10.66)	(8.73)
Net employee benefit expenses	12.74	9.49

B) Amount recognised in the statement of other comprehensive income (OCI)

	For the year ended March 31, 2023	For the year ended March 31, 2022
Remeasurements- due to experience adjustments	11.40	1.68
Return on plan assets	(0.77)	(0.42)
Remeasurements- due to financial assumptions	24.52	(4.39)
	36.69	(2.29)

C) Amount recognised in the balance sheet

	For the year ended March 31, 2023	For the year ended March 31, 2022
Defined benefit obligation	198.03	153.30
Fair value of plan assets	169.19	130.71
Net defined benefit liability	28.84	22.59

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

D) Changes in the present value of the defined benefit obligation

	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening defined benefit obligation	153.30	146.84
Interest cost	10.73	9.80
Current service cost	12.67	8.42
Net actuarial (losses) / gains on obligations recognised under OCI	35.92	(2.71)
Benefit payments from plan assets	(14.59)	(9.05)
	198.03	153.30

E) Changes in the fair value of plan assets

	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening fair value of plan assets	130.65	131.02
Interest income	10.66	8.73
Remeasurements- return on assets	(0.77)	(0.42)
Contributions by employer	43.24	0.43
Benefit payments from plan assets	(14.59)	(9.05)
Closing fair value of plan assets	169.19	130.71

Expected contribution to the gratuity fund during the next year would be Rs. 28.85 (March 31, 2022: Rs. 22.64)

Investment details of plan assets

Investment with insurer- Assets under Schemes of Insurance	100.00%	100.00%
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(i) The principal assumptions used in determining gratuity obligation

	For the year ended March 31, 2023	For the year ended March 31, 2022
Discount rate	7.52%	7.35%
Rate of increase in compensation	7.00%	5.00%
Employee attrition rate	5.00%	5.00%
Mortality rate	Indian assured life mortality (2012-14)	Indian assured life mortality (2012-14)

(ii) Disclosure related to indication of effect of the defined benefit plan on the Company's future cash flow

	For the year ended March 31, 2023	For the year ended March 31, 2022
1 year	15.03	18.30
2-5 years	91.41	70.49
6-10 years	99.83	78.91

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

(iii) Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is as shown below:

	For the year ended March 31, 2023	For the year ended March 31, 2022
(a) Effect of 1% change in assumed discount rate		
- 1% increase	(12.81)	(8.24)
- 1% decrease	14.56	10.44
(b) Effect of 1% change in rate of increase in compensation		
- 1% increase	15.47	11.65
- 1% decrease	(13.87)	(9.18)
(c) Effect of 1% change in assumed attrition rate		
- 1 % increase	0.29	1.24
- 1 % decrease	(0.34)	(1.37)

II. Defined contribution plans

The Company made provident fund and other funds contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 31.43 (March 31, 2022: Rs. 27.32) for provident fund contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

31. Detail of CSR expenditure

	For the year ended March 31, 2023	For the year ended March 31, 2022
(a) Gross amount required to be spent by the Company during the year	11.70	9.65
(b) Amount approved by the Board to be spent during the year	11.70	9.65
(c) Amount spent during the year (in cash)		
i) Construction /acquisition of any asset	-	-
ii) On purposes other than (i) above	11.70	9.65
	-	-

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

(d) Details of ongoing project and other than ongoing project

	Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing balance	
	With Company	In separate CSR unspent A/c		With Company	In separate CSR unspent A/c	With Company	In separate CSR unspent A/c
March 31, 2023							
Ongoing project	-	-	-	-	-	-	-
Other than ongoing project	-	-	11.70	11.70	-	-	-
March 31, 2022							
Ongoing project	-	-	-	-	-	-	-
Other than ongoing project	-	-	9.65	9.65	-	-	-

32. Commitments and contingencies

a. Commitments

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for: Rs. 549.16 (March 31, 2022: Rs. 659.16).

b. Contingent liabilities

Claims against the Company not acknowledged as debts (excluding interest arrears) is amounting to Rs. 22.67 for March 31, 2022 (March 31, 2022: Rs. 22.67)

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

33. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. There are no significant areas involving a high degree of judgement or complexity.

Estimates and assumptions

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

i. Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Rate of increase in compensation are based on expected future inflation. Further details about gratuity obligations are given in note 30.

ii. Depreciation of property, plant and equipment and amortization of Intangible assets

Depreciation of property, plant and equipment and amortization of intangible assets is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values as estimated by the management. The management believes that depreciation and amortization rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment and intangible assets.

34. Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, other financial assets, cash and cash equivalent and balance at bank other than cash and cash equivalent. The Company is exposed to credit risk, market risk and liquidity risk. The Company has a risk management policy and its management is supported by a risk management committee that advises on risk and appropriate financial risk governance framework for the Company. The risk management committee provides assurance to the Company's management that the risk activities are governed by appropriate policies and procedures and that risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks.

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

A. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables), cash and cash equivalent, balance at bank other than cash and cash equivalent and other financial assets. The Company deals with parties which has good credit rating /worthiness given by external rating agencies or based on Company's internal assessment. The major customers are usually the Government parties and export customers with high credit worthiness.

Exposure to credit risk

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was (i) Rs. 2,126.10 (March 31, 2022: Rs. 1,393.73) being the total of the carrying amount of balances with trade receivables (including retention money and unbilled revenue) (ii) cash and cash equivalent (excluding cash on hand), balance at bank other than cash and cash equivalent, non-current bank balances and interest accrued of Rs. 314.18 (March 31, 2022: Rs. 677.27) and (iii) other financial assets of Rs. 21.97 (March 31, 2022: Rs. 46.90).

The measurement of impaired credit for carrying amount of the above financial assets is ascertained using the expected credit loss model (ECL) approach. Credit risk is managed through continuously monitoring the creditworthiness of customers. The Company is considerate of the fact the majority of the collection is receivable from export customers with high credit worthiness or the government companies where there are no significant risk of bad debts. The customers of the Company have a defined period for payment of receivables, hence the Company evaluates the concentration of risk with respect to trade receivables as low. The total amount receivable from top 2 customers is Rs. 1,829.43 for March 31, 2022 (March 31, 2022: Rs. 999.57).

The cash and cash equivalent (excluding cash on hand), balance at bank other than cash and cash equivalent, non-current bank balances and interest accrued of Rs. 314.18 (March 31, 2022: Rs. 677.27) are held with banks having good credit rating

B. Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments (including interest payments):

	Within 1 year	1 to 5 years	After 5 years	Total
March 31, 2023				
Borrowings	650.70	777.23	-	1,427.93
Trade payables	2,180.69	-	-	2,180.69
Other financial liability	70.18	-	-	70.18
	2,901.57	777.23	-	3,678.80
March 31, 2022				
Borrowings	699.46	259.47	-	958.93
Trade payables	570.40	-	-	570.40
Other financial liability	24.27	-	-	24.27
	1,294.13	259.47	-	1,553.60

The cash credit facility amounting to Rs. 377.11 (March 31, 2022: Rs. 471.68), repayable on demand, has been disclosed as within 1 year for the purpose of disclosure of liquidity risk of the Company.

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

C. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign currency risk. The sensitivity analysis has been included in the below disclosures.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss. The risks primarily relate to fluctuations in US Dollar (USD) as against the functional currency of the Company. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

a. The year end unhedged foreign currency exposures is as under:

	Currency	Amount in foreign currency	Exchange rate	Amount in Rs.
Trade receivables				
March 31, 2023	USD	21.52	82.22	1,769.32
March 31, 2022	USD	13.30	75.81	1,007.89
Cash and cash equivalents				
March 31, 2023	USD	0.00	82.22	0.03
March 31, 2022	USD	0.03	75.81	2.59
Export packing credit				
March 31, 2023	USD	0.00	82.22	0.03
March 31, 2022	USD	3.11	75.81	235.76
Trade payables				
March 31, 2023	USD	20.23	82.22	1,663.27
March 31, 2023	GBP	0.06	101.87	5.92
March 31, 2023	EURO	0.19	89.61	17.21
March 31, 2022	USD	4.92	75.81	372.83
March 31, 2022	GBP	0.15	99.55	14.67
March 31, 2022	EURO	0.06	84.66	5.08

b. Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	Change in USD exchange rate		Effect on profit before tax	
	Increase	Decrease	Increase	Decrease
March 31, 2023	1%	1%	0.83	(0.83)
March 31, 2022	1%	1%	3.82	(3.82)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk because certain funds are borrowed at floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Company are principally denominated in rupees and US dollars with a mix of fixed and floating rates of interest. The Company has exposure to interest rate risk, arising principally on changes in base lending rate and LIBOR rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

If interest rates had been 100 basis points (1%) higher / lower and all other variables were held constant, the Company's profit for the year ended March 31, 2023 would decrease / increase by Rs. 14.28 (March 31, 2022: Rs. 9.59).

35. Capital management

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio to an acceptable level. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents excluding balance with monitoring agency account. In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowing in the current year.

	For the year ended March 31, 2023	For the year ended March 31, 2022
Borrowings	1,427.93	958.93
Less: Cash and cash equivalents excluding balance with monitoring agency account	(122.29)	(155.12)
Net debt (A)	1,305.64	803.81
Equity (B)	6,208.12	5,197.64
Equity and net debt (C) = (A) + (B)	7,513.76	6,001.45
Gearing ratio (A) / (C)	17.38%	13.39%

36. Related party disclosures

Names of related parties and description of relationship

(a) Subsidiaries Company

Magnatar Aero Systems Private Limited
Gee Pee Aerospace & Defence Private Limited (w.e.f. June 02, 2022)

(b) Key managerial personnel

Parvat Srinivas Reddy, Managing Director
Mathew Cyriac, Director (Director upto May 10, 2022)
Venkatasatishkumar Reddy Gangapatnam, Director
A. Praveen Kumar Reddy, Director
Sudipto Bhattacharya, Chief financial officer (From September 01, 2020 to November 01, 2021)
M. Anushman Reddy, Director (appointed w.e.f. August 9, 2022)
Gunneswara Rao Pusarla, Chief financial officer (w.e.f. November 08, 2021)
Shubham Sunil Bagadia, Company secretary

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

(c) Relatives of key management personnel

- A. Pranay Kumar Reddy
- K. Shalini

(d) Independent / Non-Executive Directors appointed on December 05, 2020

- Padmashri Nagarajan Vedachalam (Up to February 02, 2023)
- B V R Subbu
- A. Krishna Kumar
- Ameeta Chatterjee
- U C Muktibodh
- V.G. Sekaran

Transactions and balances with related parties

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A. Transactions with related parties		
Remuneration*		
M. Anushman Reddy	5.57	-
Parvat Srinivas Reddy	33.60	24.00
A. Praveen Kumar Reddy	3.51	-
A. Pranay Kumar Reddy	0.60	0.64
Shubham Sunil Bagadia	1.16	0.79
Sudipto Bhattacharya	-	4.43
Gunneshwara Rao Pusarla	16.80	-
Sitting fees/Commission		
Venkatasatishkumar Reddy Gangapatnam	0.52	0.54
A. Praveen Kumar Reddy	0.09	0.38
Mathew Cyriac	0.08	0.70
Padmashri Nagarajan Vedachalam	2.06	0.58
B V R Subbu	2.54	0.62
A. Krishna Kumar	2.67	0.74
Ameeta Chatterjee	2.47	0.74
U C Muktibodh	2.12	0.46
V.G. Sekaran	2.26	0.58
Rent expense		
K. Shalini	0.73	-
Reimbursable expenditure incurred		
Magnatar Aero Systems Private Limited	0.08	0.08
Purchase Transaction- Job work		
Gee Pee Aerospace and Defence Private Limited	19.98	-

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Balances receivable		
Magnatar Aero Systems Private Limited (reimbursable advance)	0.27	0.24
Balances payable		
Gee Pee Aerospace and Defence Private Limited	13.45	-
Long term loan		
Gee Pee Aerospace and Defence Private Limited	41.67	-

*As the future liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to the individuals is not ascertainable, therefore not included above.

37. Fair values

There are no significant financial assets and liabilities measured at fair value through profit or loss except for Investment in units of mutual fund [refer note 4(c)] which has been valued using Level 1 valuation method as described in note 2(i).

The fair value of the financial assets and liabilities measured at amortised cost approximates their carrying amounts as at the balance sheet date. (refer breakup of financial assets carried at fair value through profit or loss and breakup of financial liabilities carried at amortised cost).

38. Segment Reporting

The chief operating officer / chief executive officer of the Company takes decision in respect of allocation of resources and assesses the performance basis the report / information provided by functional heads and are thus considered to be Chief Operating Decision Maker.

Based on the Company's business model, manufacturing high precision and heavy equipment, components, machines have been considered as a single business segment for the purpose of making decision on allocation of resources and assessing its performance. Accordingly, there are no separate reportable segments in accordance with the requirements of Ind AS 108 'Operating segment' and hence, there are no additional disclosures to be provided other than those already provided in the financial statements. The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed as below.

The geographic information analyses the Company's revenues and non-current assets by the country of domicile and other countries. In presenting geographic information, segment revenue has been based on the location of the customer and segment assets are based on geographical location of the assets.

(a) Revenue from contracts with customers

	For the year ended March 31, 2023	For the year ended March 31, 2022
India	1,123.25	1,177.44
Outside India	4,506.28	1,981.84
Total	5,629.53	3,159.28

(b) The Company has entire non-current assets within India. Hence, separate figures have not been furnished.

(c) Customer contributing more than 10% of revenue

	No of customers	Amount
For the year ended March 31, 2023	1	4,387.17
For the year ended March 31, 2022	2	2,321.58

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

39. Issue of shares

Issue of shares via Initial Public Offering (IPO)

The Company, in the year 2021-22 has completed the Initial Public Offering (IPO) of 10,372,419 Equity Shares of Face Value of Rs. 10 each for cash at a price of Rs. 575 per Equity Share aggregating to Rs. 5,964.14 million comprising a Fresh Issue of 2,148,149 Equity Shares aggregating to Rs. 1,235.19 million and on Offer for sale of 8,224,270 Equity Shares aggregating to Rs. 4,728.95 million. Pursuant to the IPO, the Equity Shares of the Company got listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on March 15, 2021. Further, the Company has made allotment through preferential basis by making a pre-IPO placement of 1,851,851 Equity Shares Face Value of Rs. 10 each for cash at a price of Rs. 540 per Equity Share aggregating to Rs. 999.99. The amount received from IPO and Pre-IPO was kept in a separate account with the monitoring agency. The details of utilisation of IPO and Pre-IPO placement are as follows:

	March 31, 2023		
	Amount	Utilised upto the end of the year	Un-utilised upto the end of the year
Repayment / prepayment in full or in part of borrowings availed by the Company	630.00	630.00	-
Funding for working capital requirements	950.00	950.00	-
General corporate purposes	549.23	549.23	-
Total utilised / un-utilised funds	2,129.23	2,129.23	-

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

40. Ratio analysis and its elements

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% Change	Reason for variance (above 25%)
(i) Current Ratio	6,958	3,408	2.04	2.80	-27%	Decrease in current ratio is due to increase in trade payables.
(ii) Debt- Equity Ratio	1,428	6,208	0.23	0.18	25%	Increase in ratio is due to new term loans obtained for procurement of property, plant and equipment.
(iii) Debt Service Coverage ratio	1,339	269	4.97	15.68	-68%	The improvement in debt service coverage ratio is due to increase in net profit.
(iv) Return on Equity Ratio	1,041	5,703	18%	12%	49%	The improvement in return on equity ratio is due to increase in Net profit.
(v) Inventory Turnover Ratio	3,147	2,781	1.13	0.85	33%	The increase in ratio is due to increase in inventory levels.
(vi) Trade Receivable Turnover Ratio	5,630	1,721	3.27	3.02	8%	
(vii) Trade Payable Turnover Ratio	4,847	1,376	3.52	4.01	-12%	
(viii) Net Capital Turn-over Ratio	5,630	3,550	1.59	1.08	47%	The improvement in net capital turnover ratio is due to increase in overall operations.
(ix) Net Profit Ratio	1,041	5,630	18.49%	18.91%	-2%	
(x) Return on Capital Employed	1,524	7,636	19.96%	13.88%	44%	The improvement is due to increase in profit on account of increase in overall operations.
(xi) Return on Investment	28	449	6.22%	3%	100%	The increase is due to higher gain on mutual funds sold in current year.

Basis for calculating above ratios as below:

Current ratio = Current assets/Current Liabilities

Debt equity ratio = {Total debt=Borrowings (current + Non current)} / {Shareholders funds= (Equity share capital + Other equity)}

Debt service coverage ratio = (Net profit after tax + Depreciation and amortisation + Interest expense)/(Long term loans repayment+ Short term loans repayment)

Return on equity ratio= Net profit after taxes/ Average share holders funds

Inventory turnover ratio= Cost of goods sold/ Average inventory

Trade receivable turnover ratio= Revenue from operations/ Average trade receivable

Trade payable turnover ratio= Net credit purchases/ Average trade payables

Net capital turnover ratio= Revenue from operations/(Current assets- Current liabilities)

Net profit ratio= Net profit after tax/ Revenue from operations

Return on capital employed= Earning before interest and taxes/ (Share holders funds+Borrowings (Current + Non current))

Return on investment= Gain on investment/ Average investment

41. Other statutory information

i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

ii) The title deeds of all the immovable properties disclosed in the financial statements are held in the name of the Company

iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

Notes to the standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

- iv) The Company does not have any transactions with the companies struck off.
- v) The Company has not traded or invested in crypto currency or virtual currency during the financial year.
- vi) During the current year, the borrowed funds were utilised for the purpose which they were obtained and as per the terms specified in the sanction letter.
- vii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- viii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- ix) The Company has borrowings from banks on the basis of security of current assets and the quarterly returns and statements of current assets filed by the Company with banks are in agreement with the books of accounts.
- x) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority
- xi) The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

42. Subsequent event

No significant subsequent events have been observed till May 17, 2023 which may require any additional disclosure or an adjustment to the standalone financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered accountants

ICAI Firm registration number: 101049W/E300004

per Atin Bhargava

Partner

Membership no: 504777

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

Parvat Srinivas Reddy

Managing Director

DIN: 00359139

Venkatasatishkumar Reddy Gangapatnam

Director

DIN: 06535717

Gunneswara Rao Pusarla

Chief Financial Officer

Shubham Sunil Bagadia

Company Secretary

Membership no: ACS-55748

Hyderabad

Date: May 17, 2023

Hyderabad

Date: May 17, 2023

INDEPENDENT AUDITOR'S REPORT

To
The Members of
MTAR Technologies Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of MTAR Technologies Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2023, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditor on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
<p>Revenue recognition (as described in Note 2.2(f) and note 20 of the consolidated financial statements)</p> <p>Revenue from contracts with customer is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Holding Company expects to be entitled in exchange for those goods. During the year ended March 31, 2023, the Holding Company has recognised revenue amounting to Rs. 1,123.55 millions and Rs. 4,506.28 millions from domestic and export sales respectively .</p> <p>The point at which control passes is determined based on the terms and conditions by each customer arrangement i.e. delivery specifications including incoterms in case of exports. The risk is, therefore, that revenue may not get recognised in the correct period.</p> <p>Accordingly, due to the significant risk associated with revenue recognition in accordance with terms of Ind AS 115 'Revenue from contracts with customers', it has been determined to be a key audit matter in our audit of the consolidated financial statements.</p>	<p>Our audit procedures, among others included the following:</p> <ul style="list-style-type: none"> • Assessed the Holding Company's revenue recognition policy in terms of Ind AS 115 ("Revenue from Contracts with Customers"). • Obtained an understanding, assessed the design and tested the operating effectiveness of internal controls related to revenue recognition. • Performed the following tests for a sample of transactions <ul style="list-style-type: none"> o tested supporting documentation for sales transactions recorded during the year which included sales invoices, customer contracts/sales orders, shipping documents and other related documents. o verified whether the recognition of revenue is in accordance with the incoterms / when the conditions for revenue recognitions are satisfied. • Tested the supporting documentation for sample of sales transactions recorded during the period closer to the year end and subsequent to the year end to agree the period of revenue recognition to underlying documents as referred above. • Assessed the relevant disclosures made in the consolidated financial statements.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated

financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included

in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of 2 subsidiaries whose financial statements include total assets of Rs. 70.68 Million as at March 31, 2023, and total revenues of Rs. 26.40 and net cash outflows of Rs. 0.13 million for the year ended on that date. These financial statement and other financial information have been audited by other auditor, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report of such other auditor.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors. and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of the subsidiaries Company, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxii) of the Order.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditor whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditor;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiaries Companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries Company, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report

(g) In our opinion and based on the consideration of reports of other statutory auditor of the subsidiaries, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Holding Company, its subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated financial statements – Refer note 32 to the consolidated financial statements;

ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2023;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries, incorporated in India during the year ended March 31, 2023.

iv. a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been received by the respective Holding Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditor of the subsidiaries which is Company incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditor to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v) No dividend has been declared or paid during the year by the Company.

vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 01, 2023 for the Holding Company and its subsidiaries companies incorporated in India, hence reporting under this clause is not applicable.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Atin Bhargava**

Partner

Membership Number: 504777

UDIN: 23504777BGXMF5883

Place of Signature: Hyderabad

Date: May 17, 2023

Annexure 1 referred to the Independent Auditor's Report

Re: MTAR Technologies Limited ("the Holding Company")

(xxi) There are no qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Atin Bhargava

Partner

Membership Number: 504777

UDIN: 23504777BGXMF5883

Place of Signature: Hyderabad

Date: May 17, 2023

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MTAR TECHNOLOGIES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of MTAR Technologies Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries the Holding Company and its subsidiaries together referred to as "the Group"), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

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

Opinion

In our opinion, the Group, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to two subsidiary, which is company incorporated in India, is based on the corresponding report of the auditors of such subsidiary incorporated in India.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Atin Bhargava

Partner

Membership Number: 504777

UDIN: 23504777BGXMF5883

Place of Signature: Hyderabad

Date: May 17, 2023

Consolidated Balance Sheet as at March 31, 2023

(All amounts are in Indian rupees in millions, except share data and unless otherwise stated)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
Assets			
Non-current assets			
Property, plant and equipment	3	2,902.06	1,953.86
Capital work in progress	3.1	643.77	438.00
Intangible assets	3	7.94	10.09
Financial assets			
-Investments	4 (a)	0.10	0.10
-Other financial assets	5	21.67	21.62
Non-current tax assets (net)	6	5.22	5.17
Other non-current assets	7	85.56	216.18
		3,666.32	2,645.02
Current assets			
Inventories	9	3,865.62	1,703.16
Financial assets			
Investment in mutual funds	4(b)	274.74	623.30
Trade receivables	10	2,083.95	1,359.84
Cash and cash equivalents	11	122.40	595.57
Bank balances other than cash and cash equivalents	12	189.84	73.77
Other financial assets	5(b)	47.98	67.33
Other current assets	8	382.25	209.49
		6,966.78	4,632.46
Total assets		10,633.10	7,277.48
Equity and liabilities			
Equity			
Equity share capital	13	307.59	307.59
Other equity	14	5,893.73	4,889.80
Total Equity		6,201.32	5,197.39
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	17	777.23	259.47
Provisions	15	56.25	4.24
Deferred tax liabilities (net)	16	182.37	162.83
		1,015.85	426.54
Current liabilities			
Financial liabilities			
Borrowings	17	656.31	699.46
Trade payables	18		
- total outstanding dues of micro, small and medium enterprises		119.13	7.20
- total outstanding dues of creditors other than micro, small and medium enterprises		2,063.36	563.21
Other financial liabilities	17A	70.18	24.27
Provisions	15	18.54	30.37
Current tax liabilities (net)	6	22.06	2.87
Other current liabilities	19	466.35	326.17
		3,415.93	1,653.55
Total equity and liabilities		10,633.10	7,277.48
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered accountants

ICAI Firm registration number: 101049W/E300004

per Atin Bhargava

Partner

Membership no: 504777

Hyderabad

Date: May 17, 2023

For and on behalf of the Board of Directors of

MTAR Technologies Limited

Parvat Srinivas Reddy

Managing Director

DIN: 00359139

Gunneswara Rao Pusarla

Chief Financial Officer

Hyderabad

Date: May 17, 2023

Venkatasatishkumar Reddy Gangapatnam

Director

DIN: 06535717

Shubham Sunil Bagadia

Company Secretary

Membership no: ACS-55748

Consolidated statement of profit and loss for the year ended March 31, 2023

(All amounts are in Indian rupees in millions, except share data and unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Income			
Revenue from operations	20	5,737.51	3,220.06
Other income	21	194.77	87.53
Total income		5,932.28	3,307.59
Expenses			
Cost of materials consumed	22	3,156.19	1,574.05
Changes in inventories of work-in-progress	23	(461.09)	(411.54)
Employee benefit expense	24	935.09	707.77
Finance costs	25	145.67	66.49
Depreciation and amortisation expense	26	186.61	143.10
Other expenses	27	567.58	405.52
Total expenses		4,530.05	2,485.39
Profit before tax		1,402.23	822.20
Tax expense	28		
Current tax		340.75	179.95
Deferred tax		27.29	33.51
Total tax expense		368.04	213.46
Profit for the year		1,034.19	608.74
Other comprehensive income (OCI)			
OCI not to be reclassified to profit or loss:			
Re-measurement gains/ (losses) on defined benefit plans		(40.45)	8.21
Income tax on above		10.18	(2.39)
OCI for the period, net of tax		(30.27)	5.82
Total comprehensive income for the year		1,003.92	614.56
Earnings per equity share of Rs. 10 each fully paid	29		
Basic and diluted, computed on the basis of profit attributable to equity holders		33.62	19.79
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered accountants

ICAI Firm registration number: 101049W/E300004

per **Atin Bhargava**

Partner

Membership no: 504777

Hyderabad

Date: May 17, 2023

For and on behalf of the Board of Directors of

MTAR Technologies Limited

Parvat Srinivas Reddy

Managing Director

DIN: 00359139

Gunneswara Rao Pusarla

Chief Financial Officer

Hyderabad

Date: May 17, 2023

Venkatasathikumar Reddy Gangapatnam

Director

DIN: 06535717

Shubham Sunil Bagadia

Company Secretary

Membership no: ACS-55748

Consolidated statement of cash flows for the year ended March 31, 2023

(All amounts are in Indian rupees in millions, except share data and unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A Cash flow from operating activities		
Profit before tax	1,402.23	822.20
<i>Adjustments to reconcile profit before tax to net cash flows</i>		
Depreciation and amortisation expense	186.61	143.10
Finance costs	145.67	66.49
Liabilities no longer required written back	-	(2.72)
Gain on sale / revaluation of mutual fund	(27.94)	(19.64)
Unrealised exchange gain	(6.55)	(14.00)
Loss on sale of property, plant and equipment	1.81	-
Interest income	(14.23)	(34.23)
Operating profit before working capital changes	1,687.60	961.20
<i>Movements in working capital:</i>		
Increase in trade receivables	(711.61)	(573.06)
Increase in inventories	(2,162.46)	(677.72)
Decrease in current and non current financial assets	21.10	57.55
Increase in other current and non current assets	(172.60)	(58.22)
Increase in trade payables	1,603.87	225.56
Increase / (decrease) in other current liabilities	131.97	(67.34)
Increase / (decrease) in provisions	(1.24)	14.00
Cash generated (used in) / from operations	396.63	(118.03)
Income tax paid (net of refunds)	(322.56)	(179.99)
Net cash flows (used in) / from operating activities (A)	74.07	(298.02)
B Cash flow used in investing activities		
Purchase of property, plant and equipment, including intangible assets, capital work in progress, capital creditors and capital advances	(1,083.71)	(910.96)
Proceeds from sale of property, plant and equipment	6.10	-
Investment in units of mutual fund	(323.50)	(779.67)
Amount paid for acquisition of subsidiaries	(64.50)	-
Receipt from redemption in units of mutual fund	700.00	176.00
(Investment in) / redemption from bank deposits (net)	(116.07)	29.02
Interest received	14.53	35.63
Net cash flows used in investing activities (B)	(867.15)	(1,449.98)
C Cash flow from financing activities		
Dividend paid	-	(184.56)
Proceeds from long term borrowings	730.67	415.99
Repayment of long term borrowings	(174.89)	(50.00)
Proceeds from / (repayment of) short term borrowings (net)	(98.79)	423.17
Finance costs paid	(137.08)	(64.00)
Net cash flows from financing activities (C)	319.91	540.60
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(473.17)	(1,207.40)
Cash and cash equivalents at the beginning of the year	595.57	1,802.97
Cash and cash equivalents at the end of the year	122.40	595.57

Consolidated statement of cash flows for the year ended March 31, 2023

(All amounts are in Indian rupees in millions, except share data and unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Components of cash and cash equivalents		
Cash on hand	0.18	0.13
<i>Balance with banks:</i>		
Current accounts	122.22	4.54
On Monitoring account	-	8.04
Deposits with monitoring agency for amount received for IPO and Pre-IPO with original maturity of less than three months	-	432.31
Deposits with original maturity of less than three months	0.00	150.55
Total cash and cash equivalents	122.40	595.57

The reconciliation between the opening and the closing balances for liabilities arising from financing activities (long-term borrowings, including current maturities and short-term borrowings) is as follows:

Particulars	Opening balance	Proceeds / (repayment) (net)	Forex loss / (gain)	Closing balance
For the year ended March 31, 2023				
Long-term including current maturities	487.25	563.57	-	1,050.82
<i>Short-term</i>	471.68	(88.96)	-	382.72
For the year ended March 31, 2022				
Long-term including current maturities	121.26	365.99	-	487.25
Short-term	48.51	419.66	3.51	471.68
Summary of significant accounting policies	2.2			

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered accountants
ICAI Firm registration number: 101049W/E300004

per Atin Bhargava
Partner
Membership no: 504777

Hyderabad
Date: May 17, 2023

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

Parvat Srinivas Reddy
Managing Director
DIN: 00359139

Gunneswara Rao Pusarla
Chief Financial Officer

Hyderabad
Date: May 17, 2023

Venkatasatishkumar Reddy Gangapatnam
Director
DIN: 06535717

Shubham Sunil Bagadia
Company Secretary
Membership no: ACS-55748

Consolidated statement of changes in equity for the year ended March 31, 2023

(All amounts are in Indian rupees in millions, except share data and unless otherwise stated)

a) Equity share capital

Equity shares of Rs. 10 each, issued, subscribed and fully paid up	No. of shares	Amount
As at April 01, 2021	30,759,591	307.59
Add: Issued during the year	-	-
As at March 31, 2022	30,759,591	307.59
Add: Issued during the year	-	-
As at March 31, 2023	30,759,591	307.59

b) Other Equity

Particulars	Attributable to equity holders of the Parent					
	Reserves and surplus					
	Securities premium	Capital redemption reserve	Retained earnings	Total	Non controlling interest	Total
As at April 01, 2021	3,199.56	14.55	1,245.70	4,459.81	-	4,459.81
Profit for the year	-	-	608.74	608.74	-	608.74
Equity dividend	-	-	(184.56)	(184.56)	-	(184.56)
Other comprehensive income for the year	-	-	5.82	5.82	-	5.82
As at March 31, 2022	3,199.56	14.55	1,675.70	4,889.81	-	4,889.81
Profit for the year	-	-	1,034.19	1,034.19	-	1,034.19
Other comprehensive income for the year	-	-	(30.27)	(30.27)	-	(30.27)
As at March 31, 2023	3,199.56	14.55	2,679.62	5,893.73	-	5,893.73

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered accountants

ICAI Firm registration number: 101049W/E300004

per Atin Bhargava

Partner

Membership no: 504777

Hyderabad

Date: May 17, 2023

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

Parvat Srinivas Reddy

Managing Director

DIN: 00359139

Gunneswara Rao Pusarla

Chief Financial Officer

Hyderabad

Date: May 17, 2023

Venkatasathkumar Reddy Gangapatnam

Director

DIN: 06535717

Shubham Sunil Bagadia

Company Secretary

Membership no: ACS-55748

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

1 Corporate Information

The consolidated financial statements comprise financial statements of MTAR Technologies Limited, ("MTAR" or "the Holding Company" or "the Company" or "the parent") and its subsidiaries (collectively, "the Group") for the year ended March 31, 2023. The Company was a private limited Company domiciled in India, and incorporated on November 11, 1999 under the provisions of the erstwhile Companies Act, 1956 replaced with Companies Act, 2013 ("Act") w.e.f. April 1, 2014 with its registered office at 18, Technocrats Industrial Estate, Balanagar, Hyderabad, Telangana, India 500037. The Company has become a Public Limited Company w.e.f. November 2, 2020 and consequently the name of the Company has changed from MTAR Technologies Private Limited to MTAR Technologies Limited. The Holding Company listed its shares in both BSE and NSE on March 15, 2021.

The Group is engaged in the business of manufacturing high precision and heavy equipment, components, machines for sectors including nuclear, aerospace, defence, etc.

2 Significant accounting policies

These notes provide a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The Consolidated financial statements for the year ended March 31, 2023 comprising of Consolidated balance sheet as at March 31, 2023, Consolidated statement of profit and loss, including the Consolidated statement of other comprehensive income, Consolidated cash flow statement and Consolidated statement of changes in equity for the year end, and a summary of explanatory notes (together hereinafter referred to as "financial statements") have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended including presentation requirements of Division II of Schedule III to the Companies Act, 2013 (Ind AS Compliant Schedule III), as applicable to the standalone financial statements (to the extent notified) and other accounting principles generally accepted in India.

The financial statements has been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), and
- Defined benefits plan- plan assets measured at fair value

The financial statements are presented in Indian Rupees "INR" or "Rs." and all values are stated as INR Mn, except when otherwise indicated.

2.2 Basis of consolidation

The Consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiaries begins when the Group obtains control over the subsidiaries and ceases when the Group loses control of the subsidiaries. Assets, liabilities, income and expenses of a subsidiaries acquired or disposed of during the year are included in the Consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiaries.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the Consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of subsidiaries used for the purpose of consolidation are drawn up to same reporting date as that of the parent Company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiaries, the subsidiaries prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiaries, unless it is impracticable to do so.

Consolidation procedure

1. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its subsidiaries.
2. Eliminate the carrying amount of the Holding Company's investment in subsidiaries and the Holding Company's portion of equity of subsidiaries till date of incorporation of subsidiaries.
3. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
4. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Holding Company of the Group and to the non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

2.2 Summary of significant accounting policies

a) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

A liability is current when:

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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

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

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

b) Property, plant and equipment

Freehold land is carried at cost, net of tax / duty credit availed, net of accumulated impairment, if any. All other items of property, plant and equipment are stated at cost, net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Capital work-in-progress (CWIP) includes cost of property, plant and equipment under installation/ under development, net of accumulated impairment loss, if any, as at the balance sheet date.

Directly attributable expenditure incurred on project under implementation are shown under CWIP. At the point when an asset is capable of operating in the manner intended by management, the capital work in progress is transferred to the appropriate category of property, plant and equipment.

Cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date are recognised as capital advance.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, which is equal to the life prescribed under the Schedule II to the Companies Act, 2013.

The useful lives estimated by the management are given below:

Category of Asset	Estimated useful life (years)
Property, plant and equipment	
Buildings	30
Plant and machinery	15
Electrical equipment	5
Furniture and fixtures	10
Office equipment	5
Computers	3/ 6 years
Vehicles	8

Notes to the consolidated financial statements for the year ended March 31, 2023

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The residual value, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial period end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other (income)/expense, net" in the statement of profit and loss.

c) Intangible assets

Costs relating to computer software, which is acquired, are capitalised and amortised on a straight-line basis over their estimated useful lives of three years.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

d) Inventories

Inventories are valued at the lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

i. Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

ii. Finished goods and work-in-progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.

e. Impairment of non financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Group operates, or for the market in which the asset is used

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus. An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

f) Revenue

(i) Revenue from contract with customers

Revenue from contracts with customer is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are net of returns, trade allowances, rebates. Amounts collected on behalf of third parties such as Goods and service Tax (GST) are excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue is recognized at the point in time when control of the goods is passed to the customer. The point at which control passes is determined based on the terms and conditions by each customer arrangement, but generally occurs on delivery to the customer. The contracts that Group enters into relate to sales order containing single performance obligations for the delivery of goods as per Ind AS 115. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring goods to a customer. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Contract Balances

Contract assets

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

Trade receivable

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

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Contract liabilities

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

(ii) Export benefits

Export benefits are recognised where there is reasonable assurance that the benefit will be received and all attached conditions will be complied with. Export benefits on account of export promotion schemes are accrued and accounted in the period of export and are included in other operating revenue.

(iii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

g) Borrowing costs

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

h) Foreign currency transactions

Items included in the financial statements of Group are measured using currency of the primary economic environment in which the group operates ("the functional currency"). The financial statements are presented in Indian rupees (INR), which is the functional currency of the Group.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group in INR at spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at INR spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss. Net loss relating to translation or settlement of borrowings denominated in foreign currency are reported within finance costs.

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

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

i) 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.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (f) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

Debt instruments at amortised cost

Debt instruments at fair value through other comprehensive income (FVTOCI)

Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Debt instruments at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debts Instrument at FVTPL

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

In addition, the Group 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 Group has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

Equity instruments designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Investment in Subsidiaries:

The Group has elected to recognize its investments in subsidiaries at cost less accumulated impairment loss, if any in accordance with the option available in Ind AS 27, 'Separate Financial Statements'. Cost represents amount paid for acquisition of the said investments.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss. The details of such investment are given in Note 4. Refer to the accounting policies in (g) Impairment of non-financial assets.

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Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition.

ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities is as described below:

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Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition

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

Reclassification of financial instruments

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

j) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating officer/ chief executive officer. The chief operating officer/ chief executive officer is responsible for allocating resources and assessing performance of operating segments and accordingly is identified as the chief operating decision maker

k) Fair value measurement

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

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

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

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (notes 32)
- Investment in unquoted equity shares (note 4)
- Financial instruments (including those carried at amortised cost) (notes 5, 9, 10, 11, 16, 17, 17A, 33, 36)

I) Taxes

Current income tax

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

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

Deferred tax

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

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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.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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m) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is 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 prepayment will lead to, for example, a reduction in future payment or a cash refund.

The cost of providing benefits under the defined benefit plan is determined based on actuarial valuation using the projected unit credit method.

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

Past service costs are recognised in statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group 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 Group recognizes expected cost of short-term employee benefit as an expense, when an employee renders the related service.

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

n) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

o) Business combination

The Group accounts for its business combinations under acquisition method of accounting. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair value of the assets transferred and liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange of control of the acquiree. Acquisition related costs are generally recognised in standalone statement of profit and loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree, if any over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Such goodwill is tested annually for impairment.

If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date and is classified either as equity or financial liability. Amount classified as financial liability are subsequently re-measured to fair value with changes in fair value recognised in statement of profit and loss.

Business combinations arising from entities that are under the common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the entity are recorded in other equity.

p) Earnings per share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Group and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

q) Cash and cash equivalents

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

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

r) Cash dividend to equity holders of the Group

The Group recognises a liability to make cash distributions to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and Interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors. A corresponding amount is recognised directly in equity.

s) Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

t) Recent accounting pronouncements:

Standards issued but not yet effective and not early adopted by the Group

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

- Ind AS 1 - Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose standalone financial statements. The Company does not expect this amendment to have any significant impact in its standalone financial statements.

- Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in standalone financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in standalone financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its standalone financial statements.

- Ind AS 12 - Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its standalone financial statements.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Note 3 : Property, plant and equipment and intangible assets

	Freehold land	Buildings	Plant and machinery	Electrical equipment	Furniture and fixtures	Office equipment	Computers	Vehicles	Total property, plant and equipment	Intangible assets - software	Total
As at April 01, 2021	467.14	417.79	1,276.12	19.07	18.49	7.46	26.36	6.79	2,239.22	33.89	2,273.11
Additions during the year	-	30.71	381.11	0.09	3.34	2.24	8.37	4.80	430.66	5.74	436.40
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2022	467.14	448.50	1,657.23	19.16	21.83	9.70	34.73	11.59	2,669.88	39.63	2,709.51
Additions during the year	-	275.39	715.16	12.00	17.13	10.50	10.33	8.12	1,048.63	4.09	1,052.72
Acquired on acquisition (refer note 39A)	44.18	8.96	33.88	0.39	0.04	0.15	0.19	0.23	88.02	0.03	88.05
Disposals during the year	0.17	-	45.19	-	-	-	-	-	45.36	0.03	45.39
As at March 31, 2023	511.15	732.85	2,361.08	31.55	39.00	20.35	45.25	19.94	3,761.17	43.72	3,804.89

Accumulated depreciation and amortisation

As at April 01, 2021	-	59.18	460.95	16.67	14.72	5.71	17.27	3.56	578.06	24.41	602.47
Charge for the year	-	16.30	113.53	0.31	1.86	0.74	4.18	1.04	137.96	5.13	143.09
Disposals for the year	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2022	-	75.48	574.48	16.98	16.58	6.45	21.45	4.60	716.02	29.54	745.56
Charge for the year	-	23.39	144.18	1.71	1.07	1.75	6.69	1.59	180.37	6.24	186.61
Disposals for the year	-	-	37.28	-	-	-	-	-	37.28	-	37.28
As at March 31, 2023	-	98.87	681.38	18.69	17.65	8.20	28.14	6.19	859.11	35.78	894.89
Net block	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2023	511.15	633.98	1,679.70	12.87	21.34	12.15	17.12	13.75	2,902.06	7.94	2,910.00
As at March 31, 2022	467.14	373.02	1,082.75	2.18	5.25	3.25	13.28	6.99	1,953.86	10.09	1,963.95

Certain land and buildings are subject to a first charge to secure the Holding Company's bank loans. (refer note 17)

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Note 3.1 : Capital work in progress

Particulars	Amount
As at March 31, 2021	105.20
Additions (subsequent expenditure)	733.89
Capitalised during the year	(401.09)
As at March 31, 2022	438.00
Additions (subsequent expenditure)	1,255.54
Capitalised during the year	(1,049.77)
As at March 31, 2023	643.77

Capital work in progress (CWIP)

(a) Ageing schedule

	March 31, 2023					March 31, 2022				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	605.85	34.4	-	3.55	643.77	434.45	-	-	3.55	438.00
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
Total	605.85	34.37	-	3.55	643.77	434.45	-	-	3.55	438.00

(b) There are no project for whose the completion is overdue or has exceeded its cost as compared to its original plan.

4 Investments

	As at March 31, 2023	As at March, 31 2022
Non-current investments		
(a) Others (at fair value through profit or loss)		
Samuha Engineering Industries Limited		
[10,000 (March 31, 2021: 10,000) equity shares of par value Rs. 10 each fully paid]	0.10	0.10
	0.10	0.10
Current investments		
Quoted		
(b) Mutual fund units (at fair value through profit or loss)		
5,981,637.72 units (March 31, 2022: 17,527,497.45 units) of SBI savings fund- direct plan- growth	224.74	623.30
4,999,750.01 units (March 31, 2022: Nil) of SBI fixed maturity plan- regular growth	50.00	-
	274.74	623.30
Aggregate amount of unquoted investments- in wholly owned subsidiaries	0.10	0.10

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

5 Financial assets

Unsecured, considered good unless stated otherwise

	As at March 31, 2023	As at March, 31 2022
Non-current		
Security deposits	21.67	16.16
Non-current bank balances (refer note 12)	-	5.00
Interest accrued on bank deposits	-	0.46
	21.67	21.62
Current		
Contract asset- unbilled revenue	-	2.36
Security deposit	-	29.82
Retention money	44.94	31.53
Interest accrued on bank deposits	2.40	2.70
Loans and advances to employees	0.64	0.92
	47.98	67.33

6 Non current tax assets (net) / current tax liabilities (net)

	As at March 31, 2023	As at March, 31 2022
Non-current tax asset (net)		
Advance income tax (net)	5.22	5.17
Liability for current tax		
Tax liability	(22.06)	(2.87)
	(16.84)	2.30

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and related to income tax levied by same tax authority.

7 Other non-current assets

	As at March 31, 2023	As at March, 31 2022
Non-current		
Unsecured, considered good		
Prepaid expenses	10.80	12.76
Advance for capital goods	49.23	177.89
Balances recoverable from government authorities	25.53	25.53
	85.56	216.18
Unsecured, considered doubtful		
Balances recoverable from government authorities	12.97	12.97
Less: Provision for doubtful receivable	(12.97)	(12.97)
	-	-

Movement in provision for doubtful receivable

	As at March 31, 2023	As at March, 31 2022
Balance at the beginning of the year	12.97	12.97
Provision made during the year	-	-
Balance at the end of the year	12.97	12.97

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

8 Other current assets

	As at March 31, 2023	As at March, 31 2022
Current		
Unsecured, considered good		
Advance to suppliers	43.33	63.86
Prepaid expenses	22.57	20.07
Export benefits receivable	0.74	27.49
Balances recoverable from government authorities	315.61	98.07
	382.25	209.49

9 Inventories (at lower of cost and net realisable value)

	As at March 31, 2023	As at March, 31 2022
Raw materials	2,419.76	718.39
[Includes in transit: Rs. 748.04 (March 31, 2022: Rs. 252.79)]		
Work-in-progress	1,445.86	984.77
	3,865.62	1,703.16

Write down of inventories to net realisable value amounted to Rs. 15.84 (March 31, 2022: Rs. 15.84). These were recognised as an expense during the year and included in 'cost of materials consumed and changes in inventories of work-in-progress'.

10 Trade receivables

	As at March 31, 2023	As at March, 31 2022
Current		
Unsecured considered good	2,083.95	1,359.84
	2,083.95	1,359.84

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

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Trade receivables ageing schedule

As at March 31, 2023

	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Unsecured considered good	1,939.71	108.17	25.80	9.14	1.13	-	2,083.95
Trade receivables- credit impaired	-	-	-	-	-	-	-
Total	1,939.71	108.17	25.80	9.14	1.13	-	2,083.95

As at March 31, 2022

	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Unsecured considered good	1,177.51	175.72	3.08	3.53	-	-	1,359.84
Trade receivables- credit impaired	-	-	-	-	-	-	-
Total	1,177.51	175.72	3.08	3.53	-	-	1,359.84

11 Cash and cash equivalents

	As at March 31, 2023	As at March, 31 2022
Cash on hand	0.18	0.13
Balances with banks		
On current accounts	122.22	4.54
On Monitoring agency account	-	8.04
Deposits with monitoring agency for amount received for IPO and Pre-IPO with original maturity of less than 3 months	-	432.31
Deposits with original maturity less than 3 months	0.00	150.55
	122.40	595.57

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

12 Balances at bank other than cash and cash equivalents

	As at March 31, 2023	As at March, 31 2022
Margin money deposits*		
Deposits with original maturity for more than three months but remaining maturity of less than twelve months	189.84	73.77
Deposits with remaining maturity of more than twelve months	-	5.00
Less: Amount clubbed under 'non-current financial assets- others' (refer note 5)	-	(5.00)
	189.84	73.77

*Margin money deposits represent security held by bank for the bank guarantees and letter of credits of Rs. 1,128.47 (March 31, 2022: Rs. 810.17) issued by the bankers on behalf of the Holding Company.

Breakup of financial assets carried at fair value through profit or loss:

	As at March 31, 2023		As at March, 31 2022	
	Carrying value	Fair value	Carrying value	Fair value
Investment in units of mutual funds (quoted)	274.74	274.74	623.30	623.30
Investments in unquoted equity shares (others)	0.10	0.10	0.10	0.10
Total financial assets carried at fair value through profit or loss	274.84	274.84	623.40	623.40

Breakup of financial assets carried at amortised cost:

	As at March 31, 2023		As at March, 31 2022	
	Carrying value	Fair value	Carrying value	Fair value
Trade receivables	2,083.95	2,083.95	1,359.84	1,359.84
Cash and cash equivalent	122.40	122.40	595.57	595.57
Balances at bank other than cash and cash equivalents	189.84	189.84	73.77	73.77
Retention money	44.94	44.94	31.53	31.53
Security deposits	21.67	21.67	45.98	45.98
Non-current bank balances	-	-	5.00	5.00
Contract asset- unbilled revenue	-	-	2.36	2.36
Interest accrued	2.40	2.40	3.16	3.16
Loans and advances to employees	0.64	0.64	0.92	0.92
Total financial assets carried at amortised cost	2,465.84	2,465.84	2,118.13	2,118.13

The management assessed that cash and cash equivalents and trade receivables approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

For financial assets that are measured at fair value, the carrying amounts are equal to the fair values. The fair values of the financial assets included above have been determined in accordance with generally accepted pricing models.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

13. Equity share capital

	As at March 31, 2023		As at March, 31 2022	
	Number of shares	Amount	Number of shares	Amount
Authorised share capital				
Equity shares of Rs. 10 each	66,000,000	660.00	66,000,000	660.00
Issued, subscribed and fully paid up shares				
Equity shares of Rs. 10 each	30,759,591	307.59	30,759,591	307.59

(a) Reconciliation of equity shares outstanding at beginning and at end of the year:

	As at March 31, 2023		As at March, 31 2022	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	30,759,591	307.59	30,759,591	307.59
Issued during the year	-	-	-	-
At the end of the year	30,759,591	307.59	30,759,591	307.59

(b) Rights, preferences and restrictions attached to shares

The Holding Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Holding Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of shareholders holding more than 5% equity shares in the Holding Company

Name of the shareholder	As at March 31, 2023		As at March, 31 2022	
	Number of shares	%	Number of shares	%
(i) Vamshidhar Reddy Kallem	20,91,559	6.80%	20,91,559	6.80%
(ii) K. Shalini	20,91,483	6.80%	20,91,483	6.80%
(iii) Leelavathi Parvatha Reddy	16,18,712	5.26%	16,18,712	5.26%

As per records of the Holding Company, including its register of shareholders/members, the above shareholding represents both legal and beneficial ownership of shares.

(d) Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

- (i) There are no equity shares issued as bonus and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date
- (ii) During the year ended March 31, 2020, the Holding Company has bought back 1,454,541 equity shares of Rs. 10 each.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

(e) Details of shares held by promoters

As at March 31, 2023

Equity shares of Rs. 10 each fully paid

Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
K Vamshidhar Reddy	2,091,559	-	2,091,559	6.80%	0.00%
K Shalini	2,091,483	-	2,091,483	6.80%	0.00%
Leelavathi Parvatha Reddy	1,618,712	-	1,618,712	5.26%	0.00%
P Srinivas Reddy	1,392,903	-	1,392,903	4.53%	0.00%
D Anitha Reddy	1,480,431	(200,000)	1,280,431	4.16%	-0.65%
Usha Reddy Chigarapalli	1,405,445	(200,000)	1,205,445	3.92%	-0.65%
P Kalpana Reddy	1,025,000	-	1,025,000	3.33%	0.00%
Kavitha Reddy Gangapatnam	1,305,446	(3,10,000)	9,95,446	3.24%	-1.01%
Saranya Loka Reddy	1,034,265	(1,09,599)	9,24,666	3.01%	-0.36%
Mitta Madhavi	7,76,321	(5,000)	7,71,321	2.51%	-0.02%
A Manogna	7,43,813	(1,00,000)	6,43,813	2.09%	-0.33%
Anushman Reddy	2,68,128	-	2,68,128	0.87%	0.00%
Northeast Broking Services Limited	2,25,000	(190,000)	35,000	0.11%	-0.62%
Total	1,54,58,506	(11,14,599)	1,43,43,907	46.63%	-3.62%

As at March 31, 2022

Equity shares of Rs. 10 each fully paid

Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
K Vamshidhar Reddy	2,091,559	-	2,091,559	6.80%	0.00%
K Shalini	2,091,483	-	2,091,483	6.80%	0.00%
Leelavathi Parvatha Reddy	1,718,712	(100,000)	1,618,712	5.26%	-0.33%
D Anitha Reddy	1,079,047	4,01,384	1,480,431	4.81%	1.30%
Usha Reddy Chigarapalli	1,004,062	4,01,383	1,405,445	4.57%	1.30%
P Srinivas Reddy	1,392,903	-	1,392,903	4.53%	0.00%
Kavitha Reddy Gangapatnam	9,04,063	4,01,383	1,305,446	4.24%	1.30%
Saranya Loka Reddy	9,34,265	1,00,000	1,034,265	3.36%	0.33%
P Kalpana Reddy	1,025,000	-	1,025,000	3.33%	0.00%
Mitta Madhavi	7,76,321	-	7,76,321	2.52%	0.00%
A Manogna	7,43,813	-	7,43,813	2.42%	0.00%
Anushman Reddy	2,67,598	530	2,68,128	0.87%	0.00%
Northeast Broking Services Limited	2,25,000	-	2,25,000	0.73%	0.00%
P Jayaprakash Reddy	70	(70)	-	0.00%	0.00%
Girija Reddy Parvatha	1,204,080	(1,204,080)	-	0.00%	-3.91%
Total	1,54,57,976	530	1,54,58,506	50.26%	0.00%

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

14. Other Equity

	As at March 31, 2023	As at March, 31 2022
Securities premium		
Balance at the beginning of the year	3,199.56	3,199.56
Balance at the end of the year	3,199.56	3,199.56
Capital redemption reserve		
Balance at the beginning of the year	14.55	14.55
Balance at the end of the year	14.55	14.55
Retained earnings		
Balance at the beginning of the year	1,675.70	1,245.70
Add: Other comprehensive income / (loss) for the year	(30.27)	5.82
Add: Profit for the year	1,034.19	608.74
Less: Appropriations		
Final dividend- Rs. Nil (March 31, 2022: Rs. 3 per share)	-	(92.28)
Interim dividend- Rs. Nil (March 31, 2022: Rs. 3 per share)	-	(92.28)
Balance at the end of the year	2,679.62	1,675.70
	5,893.73	4,889.80

Nature and purpose of reserves

Security premium represents the amount received in excess of par value of equity shares. Section 52 of Companies Act, 2013 specifies regulation around application of premiums received on issue of shares. Accordingly, the Group has applied securities premium to write off Group's share of expenses incurred on fresh issue of equity shares.

Capital redemption reserve represents the amount of profits transferred from securities premium for the buy back of equity shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013

Retained earnings are the profits that the Group has earned till date, less dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the Group and eligible for distribution to shareholders.

15. Provisions

	As at March 31, 2023	As at March, 31 2022
Non-current		
Provision for employee benefits		
- Gratuity (refer note 30)	13.95	4.24
- Compensated absences	11.98	-
Other provisions	30.32	-
	56.25	4.24
Current		
Provision for employee benefits		
- Gratuity (refer note 30)	14.89	18.79
- Compensated absences	3.65	11.58
	18.54	30.37

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

16. Deferred tax liabilities (net)

	As at March 31, 2023	As at March, 31 2022
Deferred tax liability arising on account of timing differences relating to:		
Written down value difference of property, plant and equipment and intangible assets between tax and financial books	190.14	176.76
	190.14	176.76
Deferred tax asset arising on account of timing differences relating to:		
Expenses allowed on payment basis	7.77	13.93
	7.77	13.93
Deferred tax liability (net)	182.37	162.83

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

Break up of deferred tax (asset) / liabilities

	Opening balance	Recognised in the statement of profit and loss	On account of acquisition	Recognised in OCI	Closing balance
For the year ended March 31, 2023:					
Written down value difference of property, plant and equipment and intangible assets between tax and financial books	176.76	13.38		-	190.14
Expenses allowed on payment basis	(13.93)	13.91	2.43	(10.18)	(7.77)
	162.83	27.29	2.43	(10.18)	182.37
For the year ended March 31, 2021:					
Written down value difference of property, plant and equipment and intangible assets between tax and financial books	199.56	(22.80)		-	176.76
Expenses allowed on payment basis	(14.30)	(2.02)		2.39	(13.93)
MAT credit entitlement	(58.33)	58.33		-	-
	126.93	33.51		2.39	162.83

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

17. Borrowings

	As at March 31, 2023	As at March, 31 2022
Non-current		
Secured bank borrowings		
Long-term borrowings	777.23	259.47
Current maturity of long-term borrowings	273.59	227.78
	1,050.82	487.25
Less: Amount disclosed under "short-term borrowings"	(273.59)	(227.78)
	777.23	259.47
Current		
Secured bank borrowings		
Cash credit	382.69	235.92
Export packing credit (USD)	0.03	235.76
Current maturity of long-term borrowings	273.59	227.78
	656.31	699.46
Aggregate secured borrowings	1,433.54	958.93
Aggregate unsecured borrowings	-	-

1. The long-term borrowings including current maturities of Rs. 1,050.82 (March 31, 2022: Rs. 487.25) from banks is secured by collateral security against inventories, trade receivables and all other charges on current assets of the present and future current assets of the Holding Company. The Holding Company has not fully drawn the loan facility as at March 31, 2023.

(i) State Bank of India

- Exclusive charge on the entire property, plant and equipment purchased out of the loan facility.

(ii) HDFC Bank Limited

- Exclusive charge on the entire property, plant and equipment purchased out of the loan facility.

(iii) EXIM Bank

- Exclusive charge on the entire property, plant and equipment purchased out of the loan facility.

Particulars	Outstanding balance as at (' in mn)		Interest range % per annum	Balance number of installments as at		Frequency of installments	Repayments commencing from - to
	March 31, 2023	March 31, 2022		March 31, 2023	March 31, 2022		
State Bank of India	106.76	159.60	7.95 to 10.70	12	16	Quarterly	March 31, 2021 to March 31, 2026
HDFC Bank Limited	619.78	327.65	7.5	42	54	Monthly	April 01, 2022 to October 31, 2026
EXIM Bank	324.28	-	7.50	16	-	Quarterly	September 01, 2023 to August 31, 2027

2. Cash credit and export packing credit facility (USD) aggregating to Rs. 377.11 (March 31, 2022: Rs. 471.68) is secured against inventories, trade receivables, and all other charges on current assets of the present and future current assets of the Holding Company. Further the borrowing is secured by collateral security on the certain land and building of the Holding Company.

The cash credit facility is repayable on demand and carries interest @ 5.50% to 8.40% p.a. (March 31, 2022: 7.90% to 8.95% p.a.).

The export packing credit in USD carries interest @ 2.53% to 5.50% p.a. (March 31, 2022: 1.59% to 2.34% p.a.).

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

17A Other Financial Liabilities

	As at March 31, 2023	As at March, 31 2022
Payable for capital goods	70.18	24.27
	70.18	24.27

18 Trade Payable

	As at March 31, 2023	As at March, 31 2022
- dues of micro and small enterprises	119.13	7.20
- dues of creditors other than micro and small enterprises	2,063.36	563.21
	2,182.49	570.41

Trade payables ageing schedule

As at March 31, 2023

	Outstanding for following periods from due date of payment					
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of MSME	-	119.13	-	-	-	119.13
Total outstanding dues of creditors other than MSME	913.38	1,145.20	4.43	0.35	-	2,063.36
Disputed dues of MSME	-	-	-	-	-	-
Disputed dues of creditors other than MSME	-	-	-	-	-	-
	913.38	1,264.33	4.43	0.35	-	2,182.49

Trade payables ageing schedule

As at March 31, 2022

	Outstanding for following periods from due date of payment					
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of MSME	-	7.20	-	-	-	7.20
Total outstanding dues of creditors other than MSME	338.13	220.61	4.47	-	-	563.21
Disputed dues of MSME	-	-	-	-	-	-
Disputed dues of creditors other than MSME	-	-	-	-	-	-
	338.13	227.81	4.47	-	-	570.41

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Disclosure pertaining to Micro, Small And Medium Enterprises Act (as per information available with the Group)

	As at March 31, 2023	As at March, 31 2022
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount remaining unpaid	119.13	7.20
Interest due thereon	-	-
	119.13	7.20
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	-	-

Breakup of financial liabilities carried at amortised cost:

	As at March 31, 2023		As at March, 31 2022	
	Carrying value	Fair value	Carrying value	Fair value
Borrowings- long-term including current maturities	1,050.82	1,050.82	487.25	487.25
Borrowings- short-term	382.72	382.72	471.68	471.68
Payable for capital goods	70.18	70.18	24.27	24.27
Trade payables	2,182.49	2,182.49	570.41	570.41
	3,686.21	3,686.21	1,553.61	1,553.61

The management assessed that trade payables, short-term borrowings and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial liabilities included above is 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.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

19. Other Liabilities

	As at March, 31 2023	As at March, 31 2022
Current		
Statutory remittances	17.91	13.54
Contract liability- advance from customers	446.61	311.02
Others	1.83	1.61
	466.35	326.17

20. Revenue from Operations

	For the year ended March 31, 2023	For the year ended March 31, 2022
(A) Revenue from contracts with customers		
Sale of products	5,630.24	3,159.28
	5,630.24	3,159.28
(B) Other operating revenue		
- Others	107.27	60.78
	107.27	60.78
Total (A+B)	5,737.51	3,220.06

(i) Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For the year ended March 31, 2023	For the year ended March 31, 2022
India	1,123.96	1,177.44
Outside India	4,506.28	1,981.84
	5,630.24	3,159.28
Timing of revenue recognition		
Goods transferred at a point of time	5,630.24	3,159.28
Total	5,630.24	3,159.28

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

(ii) Contract balances

	As at March, 31 2023	As at March, 31 2022
Trade receivable	2,083.95	1,359.84
Retention money	44.94	31.53
Contract asset		
Unbilled revenue	-	2.36
Contract liabilities		
Advance from customer	446.61	311.02

The performance obligation is satisfied when control of the goods are transferred to the customers based on the contractual terms. Payment terms with customers vary depending upon the contractual terms of each contract.

Trade receivables and retention money are non-interest bearing. Refer note 10 for details on expected credit loss.

Unbilled revenue are initially recognised for revenue earned from transfer of goods and services but not billed to customer because the work completed has to meet requirements of various milestones as set out in the contract with customers. Upon fulfilling the milestones and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

Advance from customers pertain to balance received as advance from various parties as certain percentage of the order value. The same will be adjusted against the order on the basis of delivery and collection of receivables.

There is no difference in the contract price negotiated and the revenue recognised in the statement of profit and loss. There is no significant revenue recognised in the current year from performance obligations satisfied in previous years.

(iii) Amounts included in contract liabilities at the beginning of the period recognised as revenue in the current period of Rs. 185.59 (March 31, 2022: Rs. 347.76). Generally the advance from customers are settled over a period of 1 to 3 years.

21. Other Income

	For the year ended March 31, 2023	For the year ended March 31, 2022
Foreign exchange gain (net)	144.96	28.57
Interest on bank deposits	14.23	34.23
Interest on income tax refund	0.01	-
Liabilities no longer required written back	-	2.72
Profit from sale of mutual funds*	27.94	19.64
Miscellaneous income	7.63	2.37
	194.77	87.53

* Includes unrealised gain/(loss) Rs. (10.35) [March 31, 2022: Rs. 14.89]

22. Cost of materials consumed

	For the year ended March 31, 2023	For the year ended March 31, 2022
Inventory at the beginning of the year	718.39	452.21
Add: Purchases	4,857.56	1,840.23
Less: Inventory at the end of the year	(2,419.76)	(718.39)
	3,156.19	1,574.05

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

23. Changes in inventories of work-in-progress

	For the year ended March 31, 2023	For the year ended March 31, 2022
Inventory at the beginning of the year	984.77	573.23
Less: Inventory at the end of the year	(1,445.86)	(984.77)
	(461.09)	(411.54)

24. Employee Benefit Expenses

	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	868.69	657.39
Contribution to provident and other funds [refer note 30 (II)]	32.22	27.13
Gratuity expense [refer note 30 (I)]	12.74	9.50
Staff welfare expenses	21.44	13.75
	935.09	707.77

25. Finance costs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expenses		
- Short term borrowings	46.75	9.65
- Long term borrowings	66.81	22.44
- Others	2.04	0.46
Bank charges	30.07	33.94
	145.67	66.49

26. Depreciation and amortisation expenses

	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation on property, plant and equipment	180.37	137.97
Amortisation on intangible assets	6.24	5.13
	186.61	143.10

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

27. Other Expenses

	For the year ended March 31, 2023	For the year ended March 31, 2022
Sub-contractor charges	66.68	80.14
Production expenses	125.18	67.85
Power and fuel	132.96	89.48
Material testing charges	5.38	4.11
Repairs and maintenance		
- Buildings	26.21	17.82
- Plant and machinery	36.78	23.37
- Others	4.44	5.20
Insurance	8.44	7.79
Rates and taxes	14.70	11.09
Communication	2.54	1.99
Travelling and conveyance	21.67	14.55
Printing and stationary	1.84	1.20
Freight and forwarding	19.05	2.90
Business Promotion	4.40	2.73
Legal and professional charges	37.25	34.31
Security Charges	9.00	9.37
Payment to auditors (refer below)	5.33	3.50
'Loss on sale of property, plant and equipment	1.81	
CSR expenses (refer note 31)	11.70	9.65
Miscellaneous expenses	31.22	18.47
	567.58	405.52

Payment to auditors

	For the year ended March 31, 2023	For the year ended March 31, 2022
Statutory audit	5.00	3.50
Other services	0.33	-
	5.33	3.50

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

28. Tax expense

a) Income tax expense:

The major components of income tax expense

(i) Profit or loss section

	For the year ended March 31, 2023	For the year ended March 31, 2022
A. Current tax	340.75	179.95
B. Deferred tax		
Tax expense on origination and reversal of temporary difference	27.29	(24.82)
MAT credit utilisation	-	58.33
Income tax expense recognised in the statement of profit and loss	368.04	213.46

(ii) OCI Section

	For the year ended March 31, 2023	For the year ended March 31, 2022
Income tax expense to OCI	10.18	(2.39)

b) Reconciliation of effective tax rate:

	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax (A)	1,402.23	822.20
Enacted tax rate in India (B)	25.17%	29.12%
Expected tax expenses (C = A*B)	352.91	239.42
Tax effect of		
Adjustments for taxes with respect of earlier period	10.11	-
Expenses disallowed under Income Tax Act, 1961	3.21	1.78
Impact of change in tax rate for future period	-	(25.57)
Others	1.81	(3.00)
Total (D)	15.13	(26.79)
Expected tax expenses (C+D)	368.04	212.63
Income tax expenses	368.04	213.46
Effective tax rate	26.25%	25.96%

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

29. Earnings per share (EPS)

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit attributable to equity share holders	1,034.19	608.74
Weighted average number of equity shares in calculating basic and diluted EPS	3,07,59,591	3,07,59,591
Face value of each equity share (Rs.)	10.00	10.00
Basic and diluted earnings per share	33.62	19.79

30. Employment benefit plans

I. Defined benefits plan

The Employees' Gratuity Fund Scheme managed by a trust is a defined benefit gratuity plan which is administered through gratuity scheme with Life Insurance Corporation of India. Every employee who has completed five years or more of service gets gratuity, on retirement / termination, at 15 days last drawn salary for each completed year of service subject to a maximum of Rs. 2.00. The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for gratuity benefit.

A) Net employee benefit expense (recognised in employee benefits expense)

	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	12.67	8.42
Interest cost on defined benefit obligation	10.73	9.80
Interest (income) on plan assets	(10.66)	(8.73)
Net employee benefit expenses	12.74	9.49

B) Amount recognised in the statement of other comprehensive income (OCI)

	For the year ended March 31, 2023	For the year ended March 31, 2022
Remeasurements- due to experience adjustments	11.40	1.68
Return on plan assets	(0.77)	(0.42)
Remeasurements- due to financial assumptions	24.52	(4.39)
	36.69	(2.29)

C) Amount recognised in the balance sheet

	As at March 31, 2023	As at March 31, 2022
Defined benefit obligation	198.03	153.30
Fair value of plan assets	169.19	130.65
Net defined benefit liability	28.84	22.65

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

D) Changes in the present value of the defined benefit obligation

	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	153.30	146.84
Interest cost	10.73	9.80
Current service cost	12.67	8.42
Net actuarial (losses) / gains on obligations recognised under OCI	35.92	(2.71)
Benefit payments from plan assets	(14.59)	(9.05)
Closing defined benefit obligation	198.03	153.30

E) Changes in the fair value of plan assets

	As at March 31, 2023	As at March 31, 2022
Opening fair value of plan assets	130.65	130.96
Interest income	10.66	8.73
Remeasurements- return on assets	(0.77)	(0.42)
Contributions by employer	43.24	0.43
Benefit payments from plan assets	(14.59)	(9.05)
Closing fair value of plan assets	169.19	130.65

Expected contribution to the gratuity fund during the next year would be Rs. 28.85 (March 31, 2022: Rs. 22.64)

Investment details of plan assets		
Investment with insurer- Assets under Schemes of Insurance	100.00%	100.00%

(i) The principal assumptions used in determining gratuity obligation

	As at March 31, 2023	As at March 31, 2022
Discount rate	7.52%	7.35%
Rate of increase in compensation	7.00%	5.00%
Employee attrition rate	5.00%	5.00%
Mortality rate	Indian assured life mortality (2012-14)	Indian assured life mortality (2012-14)

(ii) Disclosure related to indication of effect of the defined benefit plan on the Group's future cash flow

	As at March 31, 2023	As at March 31, 2022
1 year	15.03	18.30
2-5 years	91.41	70.49
6-10 years	99.83	78.91

The weighted average duration of the defined benefit obligation is 7.97 years (March 31, 2022: 7.09 years).

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

(iii) Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is as shown below:

	As at March 31, 2023	As at March 31, 2022
(a) Effect of 1% change in assumed discount rate		
- 1% increase	(12.81)	(8.24)
- 1% decrease	14.56	10.44
(b) Effect of 1% change in rate of increase in compensation		
- 1% increase	15.47	11.65
- 1% decrease	(13.87)	(9.18)
(c) Effect of 1% change in assumed attrition rate		
- 1 % increase	0.29	1.24
- 1 % decrease	(0.34)	(1.37)

II. Defined contribution plans

The Group made provident fund and other funds contributions to defined contribution plans for qualifying employees. Under the Schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognised Rs. 32.22 (March 31, 2022: Rs. 27.32) for provident fund contributions in the statement of profit and loss. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

31. Detail of CSR expenditure

	For the year ended March 31, 2023	For the year ended March 31, 2022
(a) Gross amount required to be spent by the Group during the year	11.70	9.65
(b) Amount approved by the Board to be spent during the year	11.70	9.65
(c) Amount spent during the year (in cash)		
i) Construction /acquisition of any asset	-	-
ii) On purposes other than (i) above	11.70	9.65
	-	-

d) Details of ongoing project and other than ongoing project

	Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing balance	
	With Group	In separate CSR unspent A/c		With Group	In separate CSR unspent A/c	With Group	In separate CSR unspent A/c
March 31, 2023							
Ongoing project	-	-	-	-	-	-	-
Other than ongoing project	-	-	11.70	11.70	-	-	-
March 31, 2022							
Ongoing project	-	-	-	-	-	-	-
Other than ongoing project	-	-	9.65	9.65	-	-	-

32. Commitments and contingencies

a. Commitments

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for: Rs. 549.16 (March 31, 2022: Rs. 659.16).

b. Contingent liabilities

Claims against the Group not acknowledged as debts (excluding interest arrears) is amounting to Rs. 22.67 for March 31, 2023 (March 31, 2022: Rs. 22.67).

33. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. There are no significant areas involving a high degree of judgement or complexity.

Estimates and assumptions

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

i. Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Rate of increase in compensation are based on expected future inflation. Further details about gratuity obligations are given in note 30.

ii. Depreciation of property, plant and equipment and amortization of Intangible assets

Depreciation of property, plant and equipment and amortization of intangible assets is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values as estimated by the management. The management believes that depreciation and amortization rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment and intangible assets.

34. Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, other financial assets, cash and cash equivalent and balance at bank other than cash and cash equivalent. The Group is exposed to credit risk, market risk and liquidity risk. The Group has a risk management policy and its management is supported by a risk management committee that advises on risk and appropriate financial risk governance framework for the Group. The risk management committee provides assurance to the Group's management that the risk activities are governed by appropriate policies and procedures and that risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

A. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables), cash and cash equivalent, balance at bank other than cash and cash equivalent and other financial assets. The Group deals with parties which has good credit rating /worthiness given by external rating agencies or based on Group's internal assessment. The major customers are usually the Government parties and export customers with high credit worthiness.

Exposure to credit risk

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was (i) Rs. 2,126.10 (March 31, 2022: Rs. 1,393.73) being the total of the carrying amount of balances with trade receivables (including retention money and unbilled revenue) (ii) cash and cash equivalent (excluding cash on hand), balance at bank other than cash and cash equivalent, non-current bank balances and interest accrued of Rs. 314.46 (March 31, 2022: Rs. 677.37) and (iii) other financial assets of Rs. 22.31 (March 31, 2022: Rs. 46.90).

The measurement of impaired credit for carrying amount of the above financial assets is ascertained using the expected credit loss model (ECL) approach. Credit risk is managed through continuously monitoring the creditworthiness of customers. The Group is considerate of the fact the majority of the collection is receivable from export customers with high credit worthiness or the government companies where there are no significant risk of bad debts. The customers of the Group have a defined period for payment of receivables, hence the Group evaluates the concentration of risk with respect to trade receivables as low. The total amount receivable from top 2 customers is Rs.1,829.43 for March 31, 2023 (March 31, 2022: Rs. 999.57).

The cash and cash equivalent (excluding cash on hand), balance at bank other than cash and cash equivalent, non-current bank balances and interest accrued of Rs. 314.46 (March 31, 2022: Rs. 677.37) are held with banks having good credit rating.

B. Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including interest payments):

	Within 1 year	1 to 5 years	After 5 years	Total
March 31, 2023				
Borrowings	656.31	777.23	-	1,433.54
Trade payables	2,182.49	-	-	2,182.49
Other financial liability	70.18	-	-	70.18
	2,908.98	777.23	-	3,686.21
March 31, 2022				
Borrowings	699.46	259.47	-	958.93
Trade payables	570.41	-	-	570.41
Other financial liability	24.27	-	-	24.27
	1,294.14	259.47	-	1,553.61

The cash credit facility amounting to Rs. 382.72 (March 31, 2022: Rs. 471.68), repayable on demand, has been disclosed as within 1 year for the purpose of disclosure of liquidity risk of the Group.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

C. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign currency risk. The sensitivity analysis has been included in the below disclosures.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss. The risks primarily relate to fluctuations in US Dollar (USD) as against the functional currency of the Group. The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

a. The year end unhedged foreign currency exposures is as under:

Particulars	Currency	Amount in foreign currency	Exchange rate	Amount in Rs.
Trade receivables				
March 31, 2023	USD	21.52	82.22	1,769.32
March 31, 2022	USD	13.30	75.81	1,007.89
Cash and cash equivalents				
March 31, 2023	USD	0.00	82.22	0.03
March 31, 2022	USD	0.03	75.81	2.59
Export packing credit				
March 31, 2023	USD	0.00	82.22	0.03
March 31, 2022	USD	3.11	75.81	235.76
Trade payables				
March 31, 2023	USD	20.23	82.22	1,663.27
March 31, 2023	GBP	0.06	101.87	5.92
March 31, 2023	EURO	0.19	89.61	17.21
March 31, 2022	USD	4.92	75.81	372.83
March 31, 2022	GBP	0.15	99.55	14.67
March 31, 2022	EURO	0.06	84.66	5.08

b. Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	Change in USD exchange rate		Effect on profit before tax	
	Increase	Decrease	Increase	Decrease
March 31, 2023	1%	1%	0.83	(0.83)
March 31, 2022	1%	1%	3.82	(3.82)

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk because certain funds are borrowed at floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in rupees and US dollars with a mix of fixed and floating rates of interest. The Group has exposure to interest rate risk, arising principally on changes in base lending rate and LIBOR rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

If interest rates had been 100 basis points (1%) higher / lower and all other variables were held constant, the Group's profit for the year ended March 31, 2023 would decrease / increase by Rs. 14.28 (March 31, 2022: Rs. 9.59).

35. Capital management

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

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio to an acceptable level. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents excluding balance with monitoring agency account.

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

	As at March 31, 2023	As at March 31, 2022
Borrowings	1,433.54	958.93
Less: Cash and cash equivalents excluding balance with monitoring agency account	(122.40)	(155.22)
Net debt (A)	1,311.14	803.71
Equity (B)	6,201.32	5,197.39
Equity and net debt (C) = (A) + (B)	7,512.46	6,001.10
Gearing ratio (A) / (C)	17.45%	13.39%

36. Related party disclosures

Names of related parties and description of relationship

(a) Key managerial personnel

Parvat Srinivas Reddy, Managing Director.

Mathew Cyriac, Director (Director upto May 10, 2022)

Venkatasathikumar Reddy Gangapatnam, Director

A. Praveen Kumar Reddy (appointed w.e.f. March 14, 2020)

Sudipto Bhattacharya, Chief financial officer (From September 01, 2020 to November 01, 2021)

M. Anushman Reddy, Director (appointed w.e.f. August 9, 2022)

Gunneswara Rao Pusarla, Chief financial officer (w.e.f. November 08, 2021)

Shubham Sunil Bagadia, Company secretary.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

(b) Relatives of key management personnel

- A. Pranay Kumar Reddy
- K. Shalini

(c) Independent / Non-Executive Directors appointed on December 05, 2020

- Padmashri Nagarajan Vedachalam (Up to February 02, 2023)
- B V R Subbu
- A. Krishna Kumar
- Ameeta Chatterjee
- U C Muktibodh
- V.G. Sekaran

Transactions and balances with related parties

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A. Transactions with related parties		
Remuneration*		
M. Anushman Reddy	5.57	-
Parvat Srinivas Reddy	33.60	24.00
A. Praveen Kumar Reddy	3.51	-
A. Pranay Kumar Reddy	0.60	0.64
Shubham Sunil Bagadia	1.16	0.79
Sudipto Bhattacharya	-	4.43
Gunneshwara Rao Pusarla	16.80	-
Sitting fees/Commission		
Venkatasatishkumar Reddy Gangapatnam	0.52	0.54
A. Praveen Kumar Reddy	0.09	0.38
Mathew Cyriac	0.08	0.70
Padmashri Nagarajan Vedachalam	2.06	0.58
B V R Subbu	2.54	0.62
A. Krishna Kumar	2.67	0.74
Ameeta Chatterjee	2.47	0.74
U C Muktibodh	2.12	0.46
V.G. Sekaran	2.26	0.58
Rent Expense		
K. Shalini	0.73	-

*As the future liability for gratuity and leave encashment is provided on actuarial basis for the Group as a whole, the amount pertaining to the individuals is not ascertainable, therefore not included above.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

37. Fair values

There are no significant financial assets and liabilities measured at fair value through profit or loss except for Investment in units of mutual fund [refer note 4(b)] which has been valued using Level 1 valuation method as described in note 2(i).

The fair value of the financial assets and liabilities measured at amortised cost approximates their carrying amounts as at the balance sheet date. (refer breakup of financial assets carried at fair value through profit or loss and breakup of financial liabilities carried at amortised cost).

38. Segment Reporting

The chief operating officer / chief executive officer of the Group takes decision in respect of allocation of resources and assesses the performance basis the report / information provided by functional heads and are thus considered to be Chief Operating Decision Maker.

Based on the Group's business model, manufacturing high precision and heavy equipment, components, machines have been considered as a single business segment for the purpose of making decision on allocation of resources and assessing its performance. Accordingly, there are no separate reportable segments in accordance with the requirements of Ind AS 108 'Operating segment' and hence, there are no additional disclosures to be provided other than those already provided in the financial statements. The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed as below.

The geographic information analyses the Group's revenues and non-current assets by the country of domicile and other countries. In presenting geographic information, segment revenue has been based on the location of the customer and segment assets are based on geographical location of the assets.

(a) Revenue from contracts with customers

	For the year ended March 31, 2023	For the year ended March 31, 2022
India	1,123.96	1,177.44
Outside India	4,506.28	1,981.84
Total	5,630.24	3,159.28

(b) The Group has entire non-current assets within India. Hence, separate figures have not been furnished.

(c) Customer contributing more than 10% of revenue

	No of customers	Amount
For the year ended March 31, 2023	1	4,387.17
For the year ended March 31, 2022	2	2,321.58

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Interest in other entities

a) Subsidiary

The Group's subsidiary is set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group and proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business:

Name of entity	Principle activity	Country of incorporation	Ownership interest held by the group %	
			March 31, 2023	March 31, 2022
Magnatar Aero Systems Private Limited	Specialising in the manufacture of domestic appliance	India	100%	100%
Gee Pee Aerospace and Defence Private Limited	Manufacturing of High precision components with advanced CNC Machining	India	100%	-

b) Additional information, as required under schedule III of the Companies Act, 2013, as required enterprises considered as subsidiaries.

Summary of net assets and profits

Net Assets

Name the entity	As at March 31, 2023		As at March 31, 2022	
	% age	Amount	% age	Amount
A. Holding Company	100.11%	6,208.12	100.00%	5,197.64
B. Subsidiaries				
Magnatar Aero Systems Private Limited	0.00%	(0.22)	0.00%	(0.15)
Gee Pee Aerospace and Defence Private Limited	0.13%	8.23	0.00%	-
Total	100.24%	6,216.13	100.00%	5,197.49
Consolidation adjustments	-0.24%	(14.81)	0.00%	(0.10)
Net Amount	100.00%	6,201.32	100.00%	5,197.39

Share of profit / (loss)

Name the entity	As at March 31, 2023		As at March 31, 2022	
	% age	Amount	% age	Amount
A. Holding Company	100.63%	1,040.75	100.01%	608.81
B. Subsidiaries				
Magnatar Aero Systems Private Limited	-0.01%	(0.07)	-0.01%	(0.07)
Gee Pee Aerospace and Defence Private Limited	-0.53%	(5.49)	-	-
Total	100.10%	1,035.19	100.00%	608.74
Consolidation adjustments	-0.10%	(1.00)	0.00%	-
Net Amount	100.00%	1,034.19	100.00%	608.74

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Share in other comprehensive income / (loss)

Name the entity	As at March 31, 2023		As at March 31, 2022	
	% age	Amount	% age	Amount
A. Holding Company	100.00%	(30.27)	100.00%	5.82
B. Subsidiaries				
Magnatar Aero Systems Private Limited	0.00%	-	0.00%	-
Gee Pee Aerospace and Defence Private Limited	0.00%	-	-	-
Total	100.00%	(30.27)	100.00%	5.82
Consolidation adjustments	0.00%	-	0.00%	-
Net Amount	100.00%	(30.27)	100.00%	5.82

Share in total comprehensive income / (loss)

Name the entity	As at March 31, 2023		As at March 31, 2022	
	% age	Amount	% age	Amount
A. Holding Company	100.65%	1,010.48	100.01%	614.63
B. Subsidiaries				
Magnatar Aero Systems Private Limited	-0.01%	(0.07)	-0.01%	(0.07)
Gee Pee Aerospace and Defence Private Limited	-0.55%	(5.49)	-	-
Total	100.10%	1,004.92	100.00%	614.56
Consolidation adjustments	-0.10%	(1.00)	0.00%	-
Net Amount	100.00%	1,003.92	100.00%	614.56

The disclosure above represents separate information for the consolidated entity before elimination of inter-Company transactions. The net impact on elimination of inter-Company transactions/ profits or (loss) / consolidation adjustments have been disclosed separately. Based on the Group's structure, the management is of the view that the above disclosure is appropriate under requirements of the Companies Act, 2013.

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

40. On June 2, 2022, the Company had acquired 100% stake in Gee Pee Aerospace & Defence Private Limited for a purchase consideration of Rs. 66.84. Gee Pee Aerospace & Defence Private Limited is engaged in manufacturing of high precision components for the Aerospace & Defence industry. The acquisition is determined to be an asset acquisition and not a business combination. Refer below for the fair values of identifiable assets and liabilities as at the date of acquisition.

The fair values of the identifiable assets and liabilities as at the date of acquisition were:

Particulars	Rs.
Assets	
Property, plant and equipment	88.02
Intangible assets	0.03
Other assets	2.10
Trade receivables	5.95
Cash and bank balances	2.34
Total assets	98.44
Liabilities	
Borrowings-long term	7.79
Borrowings-short term	9.83
Trade payables	1.40
Other current liabilities	12.58
Total liabilities	31.60
Total identifiable net assets at fair value	66.84

41 Issue of shares

(i) Issue of shares via Initial Public Offering (IPO)

The Holding Company, in the year 2021-22, has completed the Initial Public Offering (IPO) of 10,372,419 Equity Shares of Face Value of Rs. 10 each for cash at a price of Rs. 575 per Equity Share aggregating to Rs. 5,964.14 comprising a Fresh Issue of 2,148,149 Equity Shares aggregating to Rs. 1,235.19 and on Offer for sale of 8,224,270 Equity Shares aggregating to Rs. 4,728.95. Pursuant to the IPO, the Equity Shares of the Holding Company got listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on March 15, 2021. Further, the Company has made allotment through preferential basis by making a pre-IPO placement of 1,851,851 Equity Shares Face Value of Rs. 10 each for cash at a price of Rs. 540 per Equity Share aggregating to Rs. 999.99. The amount received from IPO and Pre-IPO was kept in a separate account with the monitoring agency. The details of utilisation of IPO and Pre-IPO placement are as follows:

Particulars	March 31, 2023		
	Amount	Utilised up to the end of the year	Un-utilised up to the end of the year
Repayment / prepayment in full or in part of borrowings availed by the Holding Company	630.00	630.00	-
Funding for working capital requirements	950.00	950.00	-
General corporate purposes	549.23	549.23	-
Total utilised / un-utilised funds	2,129.23	2,129.23	-

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

42. Other statutory information

- i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- ii) The title deeds of all the immovable properties disclosed in the financial statements are held in the name of the Group
- iii) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- iv) The Group does not have any transactions with the companies struck off.
- v) The Group has not traded or invested in crypto currency or virtual currency during the financial year.
- vi) During the current year, the borrowed funds were utilised for the purpose which they were obtained and as per the terms specified in the sanction letter.
- vii) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries)
- viii) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries)
- ix) The Group has borrowings from banks on the basis of security of current assets and the quarterly returns and statements of current assets filed by the Group with banks are in agreement with the books of accounts.
- x) The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority
- xi) The Group has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

Notes to the consolidated financial statements for the year ended March 31, 2023

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

43 Subsequent event

No significant subsequent events have been observed till May 17, 2023 which may require any additional disclosure or an adjustment to the consolidated financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered accountants

ICAI Firm registration number: 101049W/E300004

per Atin Bhargava

Partner

Membership no: 504777

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

Parvat Srinivas Reddy

Managing Director

DIN: 00359139

Venkatasatishkumar Reddy Gangapatnam

Director

DIN: 06535717

Gunneswara Rao Pusalra

Chief Financial Officer

Shubham Sunil Bagadia

Company Secretary

Membership no: ACS-55748

Hyderabad

Date: May 17, 2023

Hyderabad

Date: May 17, 2023



Building Nation with Exceptional Engineering