Accelerating Innovation

MTAR Technologies Limited

Annual Report FY 2021-22

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.

Contents

Online Annual Report

www.mtar.in

Accelerating Innovation

MTAR was established with a vision to indigenise manufacturing technologies for India.

The common objective was, and continues to be, consistent innovation to expand our product portfolio, thereby developing new products and import substitutes in the sectors we cater to.

With the same spirit, the Company envisions to graduate from precision engineering to system integration.

The Company is accelerating innovation to develop products by taking up end to end manufacturing from concept design & development to system realisation.

Managing Director’s Overview

Furthering our legacy of indigenisation of world class technologies for the nation, MTAR has started working on Small Satellite Launch Vehicle from concept design & development to system realisation

Dear Stakeholders,

I am pleased to inform you all that the Company is poised for fastest growth phase in its existence. FY 2021 – 22 was an exciting year where we charted several new strategic initiatives to sustain our growth momentum and culture of innovation. I am glad to share with you all that MTAR envisions to graduate from precision engineering to system integration. To turn our vision into reality we have started working on the complex systems from concept design & development phase where the Company would be responsible for end to end manufacturing of the entire system. Our board has given in-principal approval for the establishment of a dedicated electronics facility so that MTAR would be equipped with all the necessary capabilities that are required for integration of complex systems. We have worked on the electronics front in projects including Fuelling Machine Head, Channel Health Assessment civil nuclear power, electro-pneumatic modules in Space in the past and are currently working on the electro mechanical actuators in Defence sector, however, the new facility shall enhance the capabilities of the Company in electronics in a significant way. The Company shall be investing in establishing the electronics capability in a phased manner, and will be catering to Clean Energy and Space verticals to begin with. In addition, we have started building a well-qualified team that has immense experience in the field of electronics. Our sheet metal facility has commenced its operations and first articles were sent to customers. We have initiated fabricating critical structures for Hydel and Waste to Energy sectors in our specialised fabrication facility at Adabatla; the facility shall be operational in a full-fledged way from Dec 2022.

Industry performance

We are witnessing a renaissance in the Indian manufacturing amidst the push from government on Atmanirbhar Bharat. India has the potential to become a global manufacturing hub, by 2030 it’s expected to add more than USD 500 bn annually to the global economy and take over its Asian peers. COVID 19 pandemic followed by a geopolitical issue like Russia –Ukraine crisis has reinforced the fact that manufacturing is as important to country as infrastructure because self-reliance in manufacturing our own products enables us to navigate through the uncertainties and uncover the opportunities therein when global supply chains break down. India’s efforts for indigenization have gathered pace as Ukraine war raises alarm over the need for self-reliance specifically in Defence, Space and Clean Energy Technologies. Accordingly, government is identifying various new projects in these sectors and taking up several initiatives to propel the growth of domestic manufacturing eco-system.

There is emphasis on clean energy all over the world as it is certain that future energy systems must be designed to meet the social challenges of climate change, increased energy requirements, and the mobility and energy demands of a growing world population. Carbon neutrality is expected to be achieved through a combination of clean energy resources including Civil Nuclear Power, Green Hydrogen, Hydel, Wind and other sectors. To realize the same, increasing our existing nuclear reactor base is crucial to generate more electricity through Civil Nuclear Power, thereby reducing the dependence on non renewable energy. Government of India has set up an ambitious target of meeting 10% of its energy requirements through Civil Nuclear Power sources. The current installed capacity of nuclear reactors is 6.7 GWe and 6.1 GWe of nuclear reactors are under construction. As part of its massive infrastructure scale up program to grow nuclear capacity, The Government of India (GoI) has sanctioned the manufacture of 10 pressurised heavy water reactors (PHWR) in fleet mode (10 x 0.7 GWe) with a combined generation capacity of 7.0 GWe. NPCIL has started floating tenders for fleet reactors, the process could be accelerated over the coming quarters. French Company EDF has submitted a binding techno-commercial offer to NPCIL to build six European Pressurised Water (EPR) reactors with an installed capacity of 9.6 GWe that would be the most powerful civil nuclear plant in the world. Government aims to increase the nuclear capacity to 22.5 GWe by 2031 on progressive completion of projects under completion and accorded sanction. Furthermore, the reactors under construction entail 12% CAGR over the next decade versus 4% CAGR in the past, influenced by the Government of India’s emphasis on capacity addition due to rising carbon neutrality objectives, which represents a growing market marked by high entry barriers for domestic players. The after-market revenue from the maintenance and refurbishment segments during FY 2015-19 was valued at Rs. 5.5 Bn-6 Bn; this is estimated at Rs. 9 Bn-10 Bn over FY 2020-25 as the majority of India’s installed reactor base hits the critical 20-year life span.

Fuel cell technology is increasingly gaining traction as one of the reliable sources of renewable energy in view of pollutant emissions and climate protection requirements. The fuel cell energy market that is expected to post a 35-40% CAGR over the next 5 years in volume terms, and 14%- 15% in value terms due to declining costs, is the front-runner in terms of efficiency compared with other systems, making it an attractive proposition for a variety of applications. Across the geographies there is massive demand for hydrogen fuel cells and the total market 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 size is estimated at more than USD 2 Trn. While South Korean government has released a mandate to generate 15 GWe of power from fuel cells, Bloom energy has deployed only 0.5 GWe of power from fuel cells so far, which shows an immense market potential for fuel cells.

India's space programme was sanctioned a budget of Rs 134.8 billion for fiscal 2022 and budget of Rs. 142 bn for fiscal 2023. ISRO plans to launch optical, 197 multi- and hyperspectral, and synthetic aperture radar satellites. Several other missions including launch of GISAT-1 satellite, space docking experiment (SPADEX), reusable launch vehicle (RLV) and a few others, which would drive future investments in India's space programmes are under planning stage. Launches were slowed down in the past two years due to COVID 19 pandemic, however, the launches are expected to be increased to more than 30 per year over the next two years. India's space programme is projected to post a 7.5% CAGR over FY 2021-25 as against 12.8% CAGR over FY 2017-21. This growth will be driven by declining launch costs, increasing the role for the private sector through the New Space Policy 2020, formation of New Space India and commercialisation of Space through In-SPACe. ISRO aims to reduce its responsibilities on the commercial end with the formation of NewSpace India Ltd, which will act as the commercial arm of ISRO with an objective to enable the Indian industry to scale up high technology manufacturing and production base for the domestic industry. ISRO intends to focus its resources solely on innovation and R&D in the future. ISRO has announced that over the next five years, private sector will receive the mandate for ~70% of all the upcoming space missions, estimated to be worth Rs 111.4-118.9 billion; these policy changes are likely to boost the commercial segment of the market in the forecast period and provide immense opportunities to private sector players.

India's Defence sector is witnessing a tremendous growth because of push by the government on Atmanirbhar Bharat initiative. Recently, under import ban the government has come up with the third embargo list of over 101 military systems and weapons that covers major equipment and platforms. This embargo is aimed at strengthening the domestic defence manufacturing eco-system as the defence ministry targets a turnover of USD 25 billion in the next five years that includes an export target of USD 5 billion worth of export hardware. To summarise, the sectors of our presence are witnessing a rapid growth that could translate into incremental opportunities for the Company.

FY 2021–22 Review

The Company has clocked a revenue from operations of Rs. 3220.06 Mn, with a CAGR of 19.20% from FY 18. We posted an EBITDA of Rs. 944.33 Mn and PAT of Rs. 608.81 Mn with a CAGR of 31.26% and 83.05% respectively from FY 18. Our order book stood at Rs. 648.80 Mn, consisting of orders from Clean Energy – civil nuclear power (28%), clean energy - fuel cell & other (46%) segments, Space - 21%, Defence 6%, products & others 1%. providing ample visibility into sustainable growth as well as healthy margins.
We anticipate a revenue growth of 55% - 60% with an EBITDA margin of 30% +/- 100 bps for FY 2022-23

Over the decades the Company has established trusted and long-standing relationships with our customers owing to our high quality and ability to deliver within prescribed timelines, which has enabled us to increase our wallet share and dependency from our customers. In FY 2021-22 we have developed new products like ASP assemblies and bellows and initiated the development of products like heaters and ceramics for Clean Energy-Fuel Cells sector.
Additionally, we have added new customers such as Voith, Hitachi Zosen, Worldwide Oilfield Machine, among others; initiated discussion with a number of esteemed global MNCs including Thales, IAI, Blue bird Aerosystems, Enercon, GE Hydro etc. We are working towards developing several key customer accounts over the next 2-3 years.

The Company has consistently emphasised on development of new technologies, and created an environment to foster innovation, there by empowering our employees to think big and take calculated risks. Furthering this legacy of indigenisation of world class technologies for the nation, we have started working on the end to end development of Small Satellite Launch Vehicle – GARUDA 1 from concept design & development to system realisation, thereby graduating from precision engineering to System integration.
We have submitted a proposal to IN-SPACe seeking for their support in Avionics and other areas.

Way forward

We strongly believe that the Company is set to witness a high growth trajectory due to massive potential available in Clean Energy- Civil Nuclear Power, Fuel Cells & others, Space and Defence sectors for the domestic industry.

To tap this substantial market we have

1. Enhancing R&D capabilities – We would like to expand our R&D capabilities to handle projects such as Small Satellite Launch Vehicles.

2. Capacity Augumentation – We intend to expand our capacities in the bottle neck areas to address our cutomers growing business needs. Accordingly, we have taken approval from the board to invest Rs. 50 Cr for capacity addition in Clean Energy- Fuel Cells vertical and acquired Gee Pee Aerospace for capacity addition.

3. Training of skilled resources – The Company's talent management policies gives flexibility to employees to choose their area of interest and provides them necessary trainings.

4. Strengthening the systems and processes –We are working towards strengthening our systems and processes that are required to build a world class organisation that is capable to address the engineering needs of the country as well as other geographies.

Acknowledgements

I would like to thank all our Board of Directors, employees, customers, suppliers, investors, and all the other stakeholders who have supported us throughout our journey and inspired us to strive for greater heights. We reiterate our commitment to build a world class institution with a sustainable growth and health margins, thereby enhancing value for all the stakeholders associated with our Company.

Srinivas Reddy
Managing Director

About Us

MTAR is a leading precision engineering solutions Company engaged in the manufacture of mission critical precision assemblies, to serve projects of high national importance

Since inception, MTAR was driven by an innate desire to indigenise technologies for the nation

When Indian Manufacturing is in a nascent phase, the Company has embraced innovation to develop new products and import substitutes, contributing to the Indian Civilian Nuclear Power programme, Indian Space programme, Indian Defence and Aerospace sector, as well as to the global Clean Energy sector and the global Aerospace sectors

Today MTAR intends to continue its legacy of innovation by graduating from precision engineering to entire system realisation where the Company would be working on the concept design and development of complex systems

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

MTAR is managed by P. Srinivas Reddy and a team of experienced technical and management professionals. The Company comprised 1,740 employees as on March 31, 2022.

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 a rich experience of five decades 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 nearly three decades of vast experience in engineering and construction sectors. Parvat Srinivas Reddy 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 more than 1,740 employees including contract employees; 24 were employed in the R&D department in FY 2021-22. The Company
comprises a healthy mix of seasoned industry veterans and dynamic young professionals; average employee age stood at 39 years as on March 31, 2022.

Products

MTAR specialises in the design and fabrication of complex assemblies such as

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

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

3. Gear boxes, actuation systems, ball screws etc. for various applications in Defence.

4. SOFC & hydrogen units for Fuel cells and electrolysers in the Clean Energy sector.

5. Import substitutes such as ball screws, water lubricated bearings that find various applications in Clean Energy- Civil Nuclear Power, Space & Defence sectors. In addition, we have completed manufacturing proto units of roller screws that are currently being imported; received first trial order for the same.

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.

Cerfications

All our units have been accredited with ISO 14001:2015 and AS9100D (technically equivalent to EN 9100:2018 and JISQ 9100:2016) including our new unit at Adibatla.

Our facilities at 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.

We have initiated the process for ISO 14001 :2015 Environmental Management System, ISO 45001:2018 Occupational Health & Safety and ISO 27001:2013 Information Security Management System, ASME U Stamp- Boiling and Pressure Welding Certification, ISO 3834-1:2021 – Quality Requirements for Fusion Welding for our new unit at Adibatla

Credit Rating

Credit rating by ICRA has been upgraded to [ICRA]A (Stable) from [ICRA]A- (Positive) for long-term fund based/ CC, TL and long-term unallocated, long-term non-fund based ; [ICRA]A1 from [ICRA] A2+ for non-fund based

Proud Heritage of Nation Building- Contributing towards Atmanirbhar Bharat since 1969

1969

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

1983

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

1989

Rolled out first Vikas Engine for Space Launch Vehicle

2011

Foray into Clean Energy sector by supplying SOFC units for fuel cells

2020

Development of Electro-pneumatic modules for Space Launch Vehicles

2022

Development of proto units of Roller Screws

Supply of sheet metal first articles to Bloom Energy

Awards

Mr. N. Mondaiah receiving SIDM award for indigenisation of from Shri Rajanath Singh for indigenisation of ball screws

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.

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.

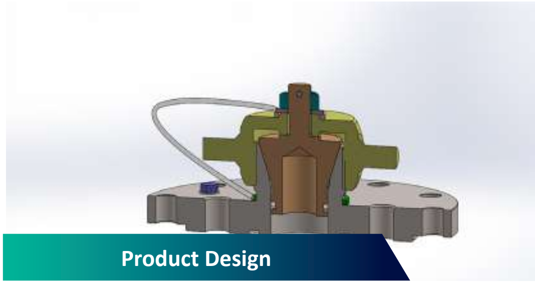
2004

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 Realisation



Product Design

Advanced Machining

Specialised Fabrication

Assembly & Testing

Heat Treatment

Surface Treatment - Painting

Quality Control

Enhancing Competencies- Establishment of Dedicated Specialised Fabrication Vertical

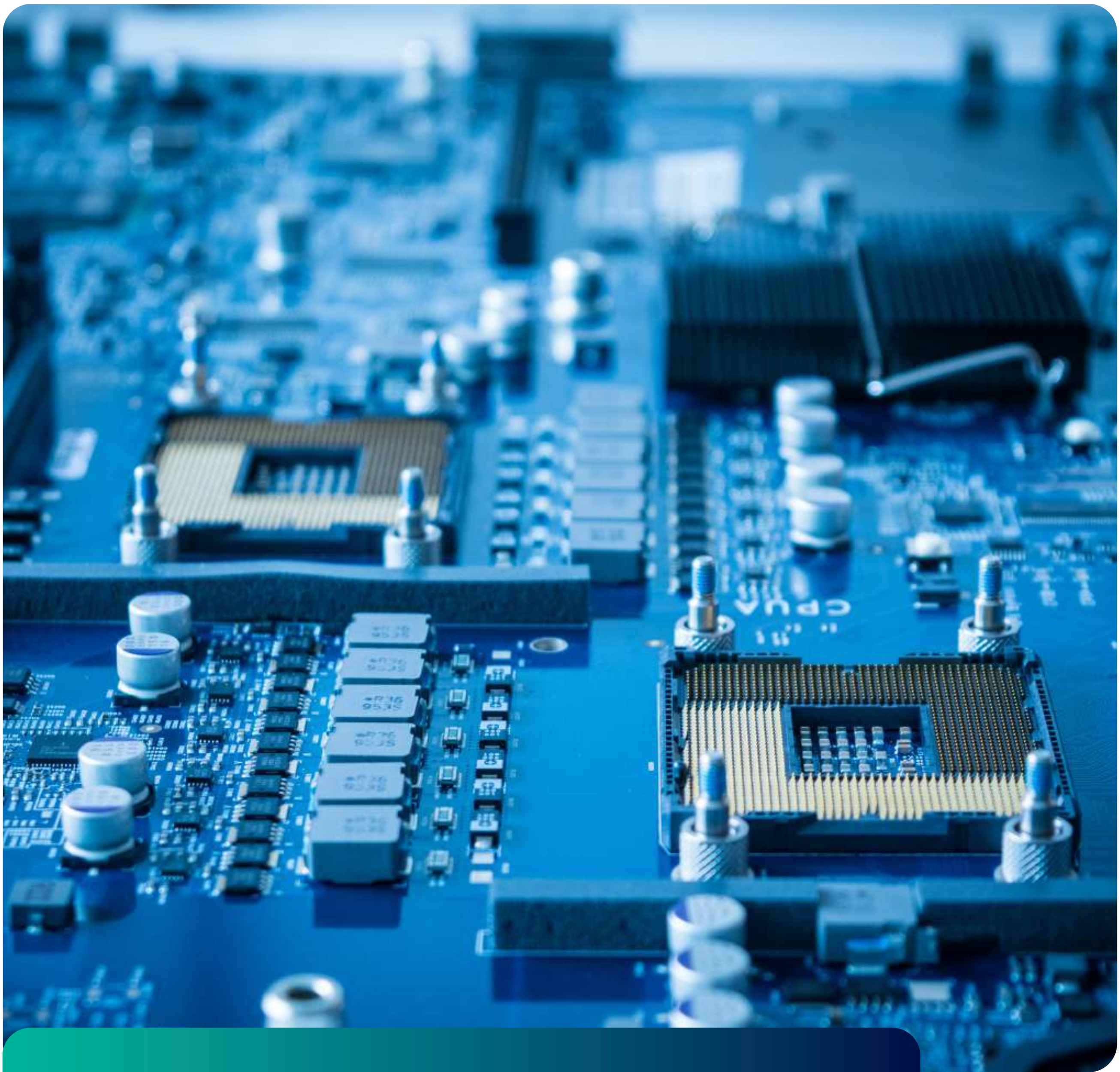
MTAR has started addressing critical structures in Clean Energy - Hydel & Waste to Energy sectors at Specialised fabrication facility in Adibatla.

Facility shall be fully operational by Sept' 22

Enhancing Competencies- Establishment of Sheet Metal Vertical at Adibatla Unit

The Company has commenced operations at its sheet metal facility in Adibatla; completed the qualification process for first articles in Clean Energy- Fuel cells sector

Enhancing Competencies- Establishment of Electronics Vertical



MTAR has got the in-principle approval from the Board to establish a dedicated electronics manufacturing vertical ; the Company shall be investing in a phased manner to establish a full-fledged Electronic Manufacturing Systems (EMS) facility

Complex Systems

Highly Complex Fabricated Structures

Batch Production

Developmental Orders

Mass Production

Import Substitutes

Our product portfolio comprises healthy mix of developmental and volume production with products ranging from highly complex systems to precision structures with close tolerances weighing from few gms to hundreds of tonnes . We strategise 4-5 years ahead of time to enhance our competencies and develop new products/import substitutes

Fuelling Machine Head

Grid Plate

FM Bridge & Column

Coolant Channel Assemblies

Clean Energy- Civil Nuclear Power

Calandria Vault Top Hatch Cover Beam

Control Plug

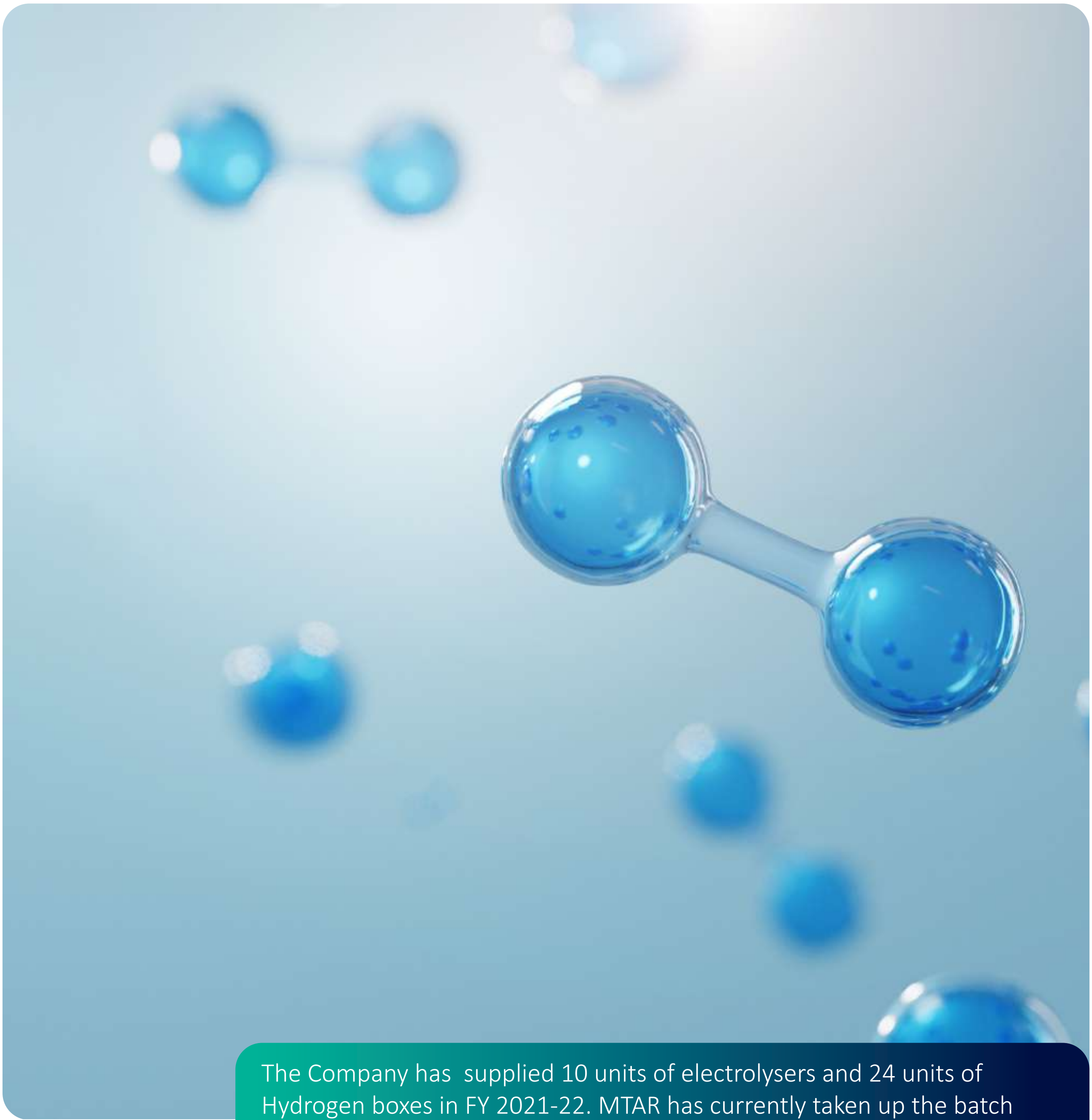
Water Lubricated Bearings

Clean Energy- Fuel Cells & Other Sectors

MTAR supplies SOFC and hydrogen units to Fuel Cells in Clean Energy

The Company caters to critical structures for Hydel & Waste to Energy sectors in Clean Energy

Contribution towards the production of Green Hydrogen for decarbonisation



The Company has supplied 10 units of electrolysers and 24 units of Hydrogen boxes in FY 2021-22. MTAR has currently taken up the batch production of electrolysers and hydrogen units; ramp up in volumes is expected in second half of FY 24

Our Product portfolio in Space

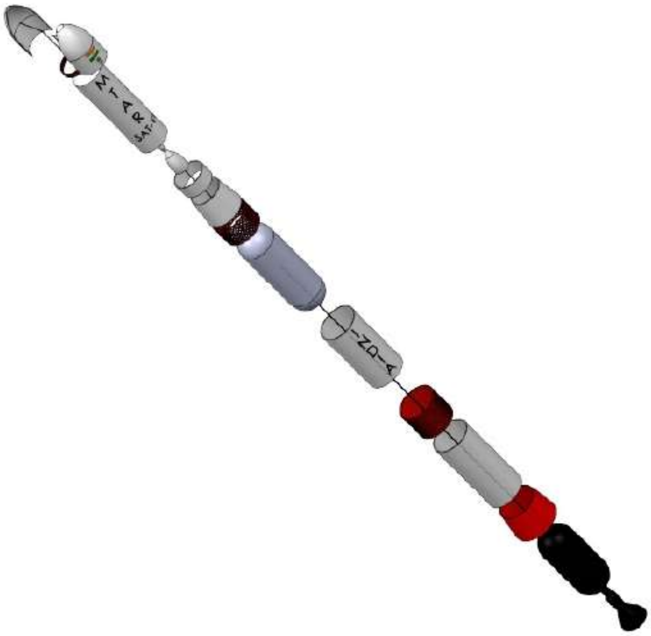
Stage 3: Ball Screws

Stage 2: Cryogenic Upper Stage Assemblies (LOX Turbo Pump, LH2 Turbo Pump, Injector Head and Gas Generator)

Stage 1: Vikas Engine

Stage 1: Electro-pneumatic modules

Integrated systems under development - A Two Stage to Low Earth Orbit Small Satellite Launch Vehicle



MTAR has initiated the development process of a Two Stage to Low Earth Orbit All Liquid Small Satellite Launch Vehicle - GARUDA 1

The Company intends to work on the design, development and realisation of the Launch Vehicle- GARUDA 1 equipped with LOX Kerosene 1000 KN Thrust Engine in Stage 1 and 100 KN Thrust cruising Engine in Stage 2

Product Portfolio in Defence

Helicopter Housing

Magnesium Gear Box

Dalia Actuators- LCA Tejas

Development of Import Substitutes

Roller Screws

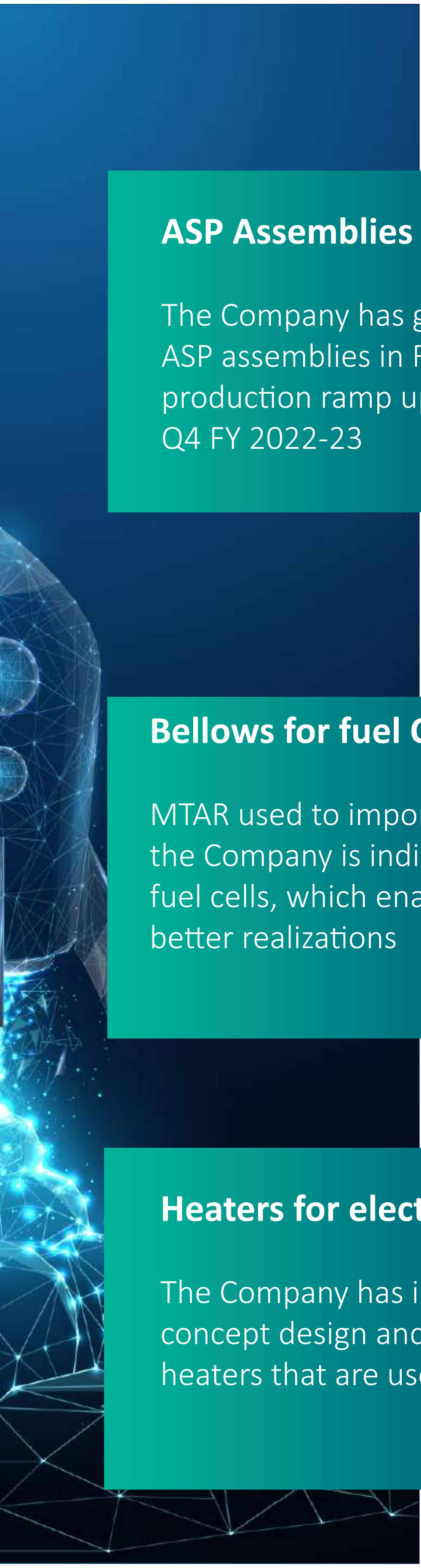
MTAR has completed the qualification process for roller screws. Received orders for FAIs

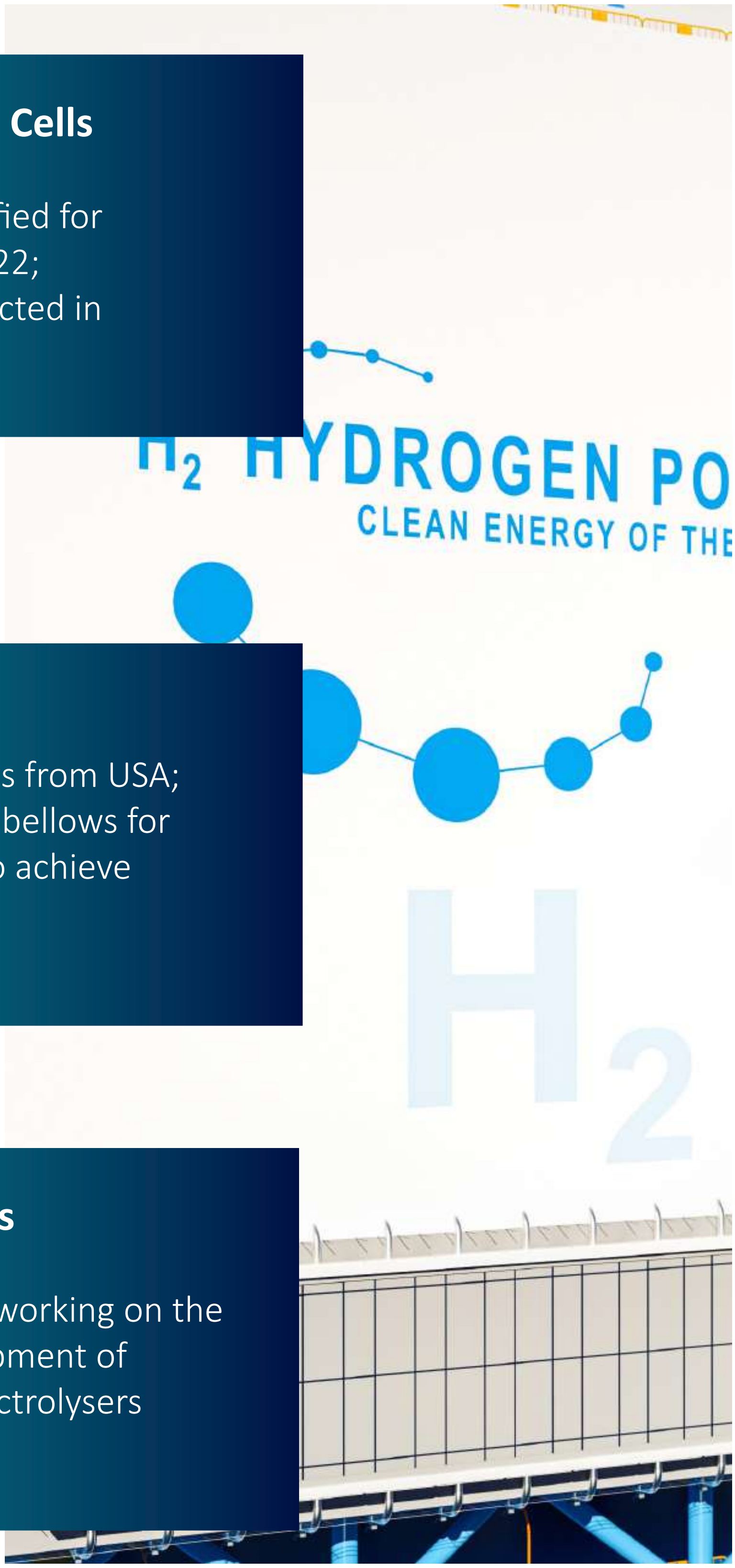
Electro-Mechanical Actuators

The Company has initiated the development of Electro-mechanical actuators that find application in Space and Defense sectors. Received orders worth 76 Mn in FY 2021-22 for actuators, which shall be executed in FY 2022-23

Valves

MTAR has started working on the concept design and development of valves, which has an immense market potential in Space & Defence sectors





ASP Assemblies for fuel Cells

The Company has got qualified for ASP assemblies in FY 2021-22; production ramp up is expected in Q4 FY 2022-23

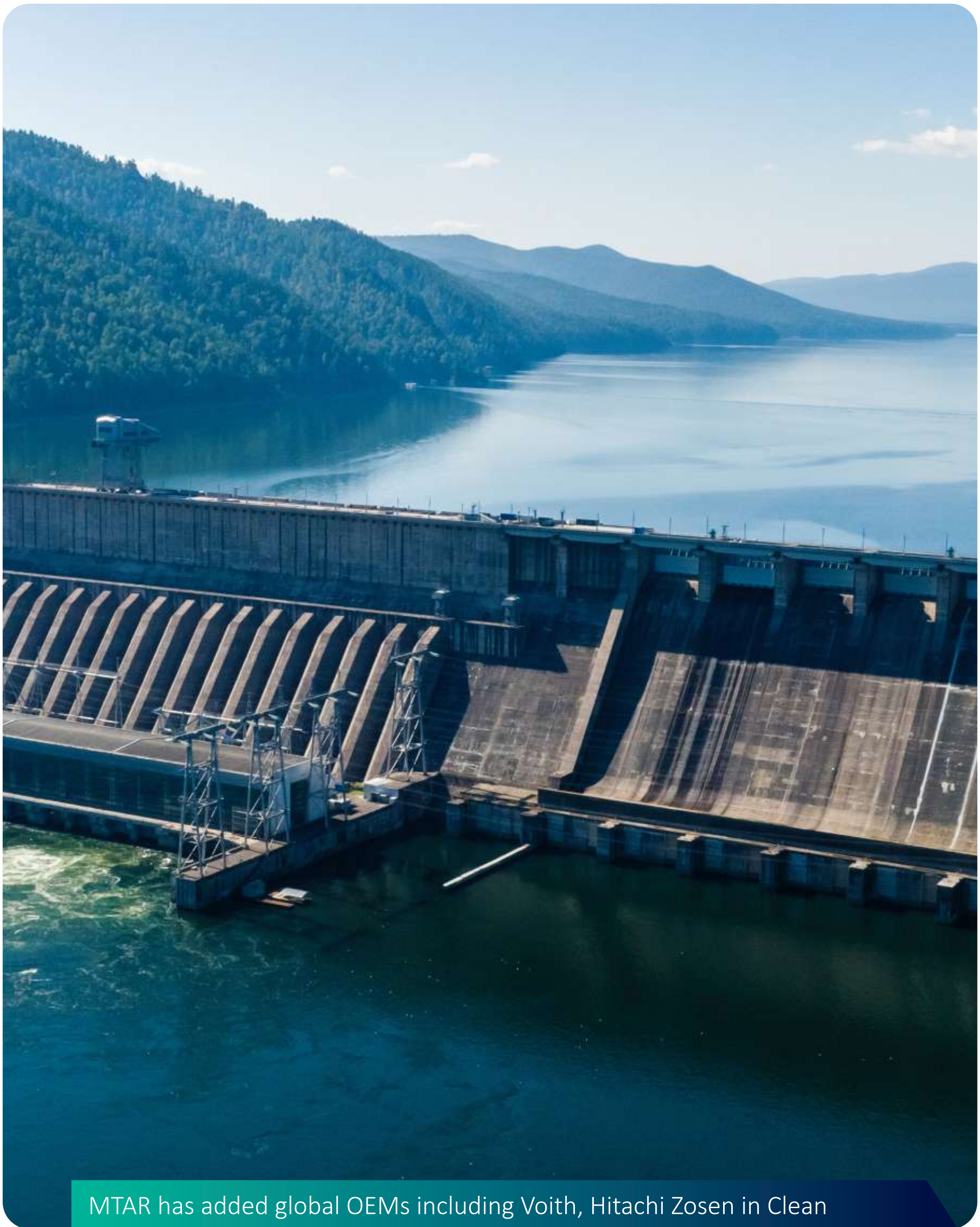
Bellows for fuel Cells

MTAR used to import bellows from USA; the Company is indigenizing bellows for fuel cells, which enables it to achieve better realizations

Heaters for electrolysers

The Company has initiated working on the concept design and development of heaters that are used in electrolysers

Our clientele comprises customers from diversified sectors and geographies



MTAR has added global OEMs including Voith, Hitachi Zosen in Clean Energy sector and Worldwide Oilfield Machine in Oil & gas sector in FY 2021-22

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 develoment and production of strategic systems and platforms comprised Agni and Prithvi series of missiles, light combat aircraft Tejas, air defence system Akash and a range of radars and electronic warfare systems.

Bloom Energy Inc.

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

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 fiestier and soldiers' eyes sharper by supplying and upgrading defence electronics for airborne, space, land and naval platforms, including fixed wing and helicopter support.

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.

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

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- customers in pipeline

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

Clean Energy

GE Hydro

GE Hydro is a 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.

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

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 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.

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.

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.

End to End manufacturing expertise

Wide product portfolio

World class manufacturing facilities with state of the art technology

Robust vendor base

Track record of healthy growth in Financials

Experienced and well-qualified management team

MTAR is equipped with state-of-the-art manufacturing facilities that are considered as one of the best facilities available in Asia

End to End Manufacturing Expertise

Our Company has been operating in the complex precision engineering space from the past five decades. In the process the Company has gained end to end manufacturing expertise to work from concept design and development to system realization. Our manufacturing units are well equipped with in-house design, advanced machining, fabrication and assembly facilities. 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 and successfully passes all validations and quality checks. Our capability in measuring and maintaining quality and measurement records at each level of the process is a key enabler

End to end manufacturing expertise enabled us to work on roller screws and initiate the work on projects like Small Satellite Launch Vehicle where significant design capabilities are required. Further, most of our manufacturing facilities, 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 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.

We have initiated the process for ISO 14001:2015 Environmental Management System, ISO 45001:2018 Occupational Health & Safety and ISO 27001:2013 Information Security Management System, ASME U Stamp- Boiling and Pressure Welding Certification, ISO 3834-1:2021 – Quality Requirements for Fusion Welding for our new unit at Adibatla

Wide product portfolio

The Company strives to understand its customers' specific business needs and provide customized products to meet their requirements and accordingly; our ability to provide quality products as per the customer specification, and our consistent customer servicing standards, have enabled us to increase our customers' dependence on us.

Within the nuclear sector that has high barriers of entry because of complexity of products required, our long standing relationship of over 16 years with NPCIL 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 of the existing reactors.

MTAR supplies SOFC & hydrogen units, electrolysers, ASP assemblies to fuel cells in Clean Energy – Fuel Cell sector. The Company has also initiated the development of heaters and ceramic 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 .

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.

World class manufacturing facilities with state of the art technology

We operate through our seven state-of-the-art manufacturing facilities, including one EOU, each of which, is situated in Hyderabad, Telangana, one of the key centres for defence research and development in the country. We have consistently undertaken expansion of our manufacturing facilities 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 ease to meet future demand at minimized cost of expansion.

We have also designed and built, with inhouse expertise, certain sophisticated special purpose machines instead of importing comparable machines

Plant	Products Manufactured	Sectors 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	Clean Energy- Fuel Cells, Hydel and others	Assembly

Our Company does not have dedicated production lines to manufacture identified products that gives us a greater flexibility in terms of utilization of our capacity.

Robust vendor base

The Company has, over the years, developed a robust supply chain for the sourcing of a wide variety of specialized raw materials including 17-4 PH, SS 410, 13-8 MO PH used in the manufacture of mission critical precision products. While the Company sources materials from third party suppliers depending upon the requirement of a project that we undertake, in certain instances, specifically in Space sector raw materials are directly procured and supplied by our customers. The materials utilized for products catered to the Clean energy- Civil Nuclear Power, Fuel Cell & other sectors, and other consumables & bought-outs are mostly sourced from third party suppliers, both domestic and global.

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 30 years of rich work experience in manufacturing and construction sectors. In addition, our technical and corporate management team has substantial experience in Clean Energy- Civil Nuclear Power, Fuel Cells, Hydel & others, Space and Defence sectors, which enables us to capture market opportunities, manage client expectations as well as proactively respond to changes in the market conditions. The Company's sustainable business growth is also attributable to a strong management culture fostered by an entrepreneurial spirit, each business vertical being managed by experienced and hands-on segment 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.

Track record of healthy growth in financials

We increased our revenue at a CAGR of 19.2% during the last four fiscal years, from Rs. 1595.97 Mn in Fiscal 2018 to Rs. 3220.06 Mn in FY 2021- 2022. We posted an EBITDA of Rs. 944.33 Mn in FY 2021-22 from Rs. 318.75 Mn in FY 2017-18 at a CAGR of 31.26%. Our PAT was Rs. 608.81 Mn in FY 2021-22 compared with Rs. 54.23 Mn in FY 2017-18, a CAGR of 83.05 %

Strategic Road map for a sustained growth to enhance share holder value

MTAR intends to graduate from precision engineering into concept design and realisation of complex systems

4,159

Rs. Mn, Order book as on March 31, 2021

6,488

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

Expand Product Portfolio

Strengthen existing product portfolio and diversify into products with attractive growth and profitability prospects

Establishment of new capabilities such as electronics manufacturing

Enhance capabilities and grow value chains to graduate into system integration

Increase the share of exports

Continue to expand international operations to enhance global presence in the sectors we currently cater to

Acquire more international customers in Clean Energy segment. In FY 2021-22 the Company has added customers such Voith, Hitachi Zosen in Clean Energy; we are currently in discussions with GE Hydro, Enercon in Clean Energy segment

Capitalise on industry trends

Clean Energy Civil Nuclear: Capitalize on the fleet reactors opportunity; MTAR is one of the few companies capable of handling the complex products for the core of the reactor. Govt has started floating tenders for the upcominng reactors and MTAR has been declared L1 for tenders worth Rs. 135 Cr approx.

Clean Energy Fuel Cells: India has set a target to produce 5 million tonnes (mt) of green hydrogen by 2030. The government plans to add 175 GWe of green hydrogen-based energy, over the next decade. We intend to collaborate with our customers in Clean Energy for the production of green hydrogen and contribute to Nation's hydrogen mission

Space - Exponential growth expected for Indian players in Space sector given ISRO's plan to commercialise the Indian space sector. We aim to increase our wallet share with ISRO by addressing opportunities including thrust chambers, light alloy structures, motor casings etc.

Defence – Contribute to the 'Atma-Nirbhar Bharat' initiative by developing import substitutes and new products such as roller screws, actuation systems, valves etc.

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 new customers such as Andritz, Voith, Worldwide Oil Machine; we are in discussions with various global MNCs including IAI, Thales, Blue bird Aerosystems, GE Hydro, Enercon etc.

Continue to participate in seminars & international expos to build & develop network with leading foreign multinational companies.

Capacity Augmentation

Upgrade existing facilities by addressing bottle neck areas in production and implementing new technology

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

We have acquired Gee Pee Aerospace to enhance our capacity in bottle neck areas to address increased volume of orders from MNCS

Optimise Operational efficiencies

Continue to maintain or improve upon benchmarks for cost structure through economies of scale, employment of earnings acquired in manufacturing end products, and a robust supply chain for sourcing of raw materials

Augmenting the capacity through cycle time reduction by adopting advanced technologies

Embracing digital solutions for effective utilisation of the machinery

Our growing order book

As on March 31,	FY 2017 - 18	FY 2018 - 19	FY 2019- 20	FY 2020 - 21	FY 2021 - 22
Order book by size (Rs. Mn)	2,019	2,437	3,451	4,159	6,488

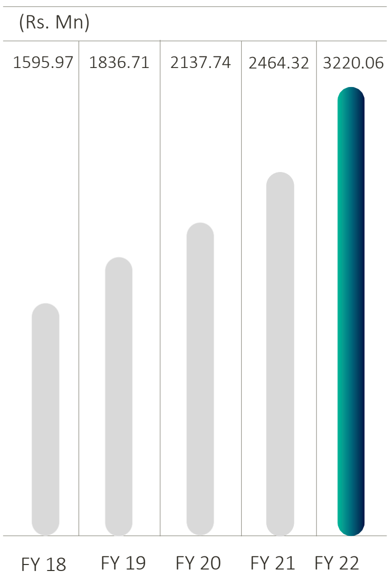
Opening order book, FY 2021-22	New orders in FY 2021-22	Orders executed in FY 2021-22	Closing order book, FY 2021-22
4,159	5,501	3,172	6,488

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



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

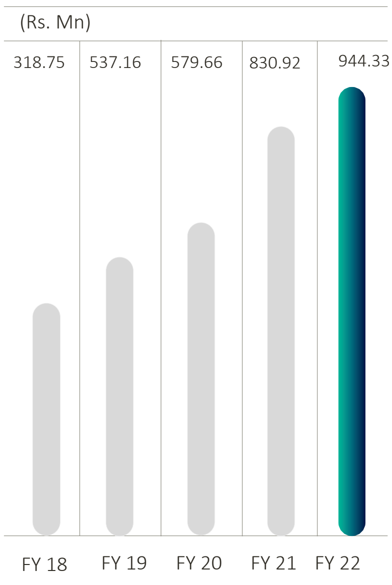
What does it mean?

The Company grew faster than the sectorial average, which resulted in a further growth in market share in FY 2021-22.

Value impact

Aggregate sales increased by 30.7% to Rs. 3220.06 Mn in FY 2021-22 due to various strategic initiatives (detailed in the report)

EBITDA



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

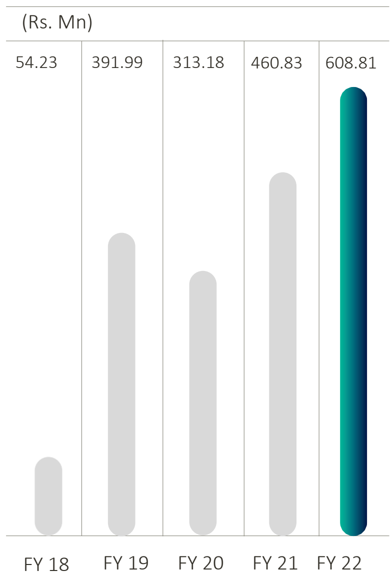
What does it mean?

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

Value impact

The Company clocked a 13.6% growth in EBITDA despite disruptions due to COVID-19 pandemic challenges and Russia-Ukraine crisis

Net Profit



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

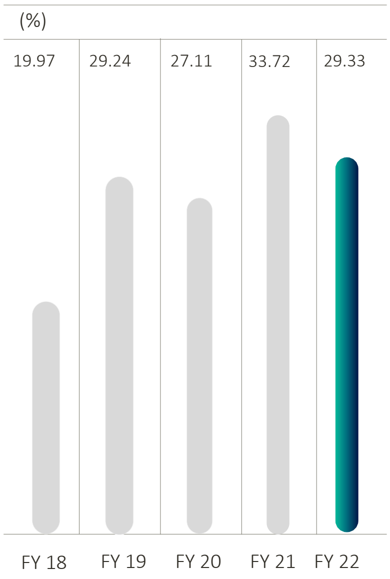
What does it mean?

It ensures that adequate surplus is available for reinvestmen in Company's operations

Value impact

The Company reported a 32.1% increase in net profit in FY 2021-22, indicating profitable growth, 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 (pre-interest, depreciation, other income and tax) on a rupee of sales, expressed as a percentage

Why is this measured?

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

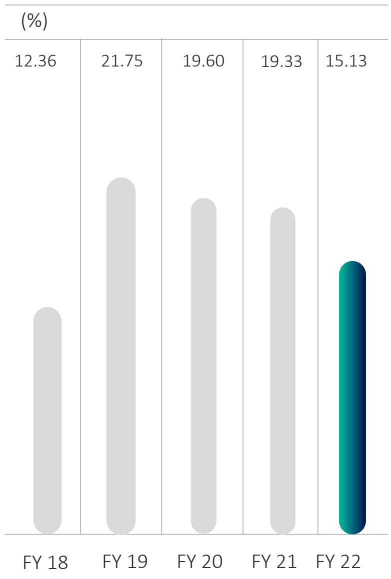
What does it mean?

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

Value impact

The Company's EBITDA margin has reduced by 439 bps

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.

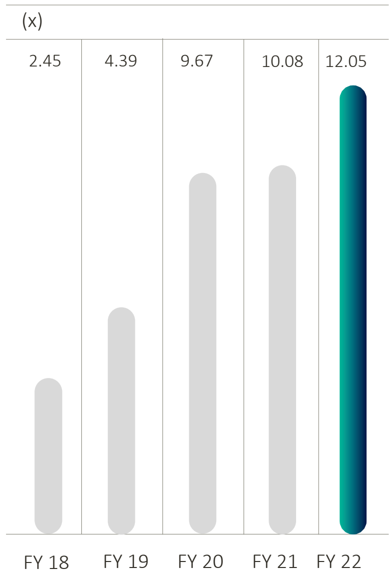
What does it mean?

Enhanced RoCE can influence valuation and perception.

Value impact

The Company's ROCE has diluted because of the funds from term loan which shall deployed for our sheet metal and specialised fabrication facilities at Adibatla plant

Interest Cover



Definition

This is derived through the division of EBIT by interest outflow

Why is this measured?

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

What does it mean?

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

Value impact

The Company's interest cover strengthened by 310 bps

Sectorial Revenue break up

Sector	FY18 (Rs. Mn)		FY19 (Rs. Mn)		FY20 (Rs. Mn)		FY21 (Rs. Mn)		FY22 (Rs. Mn)	
	Rs. Mn	%*	Rs. Mn	%*	Rs. Mn	%*	Rs. Mn	%*	Rs. Mn	%*
Clean Energy Civil Nuclear	461	29.44%	240	13.04%	260	12.17%	553	22.43%	457	14.19%
Clean Energy- Fuel Cells & others	784	50.07%	1,128	61.41%	1,375	64.34%	1,227	49.79%	2,016	62.61%
Space	183	11.71%	291	15.84%	271	12.69%	582	23.62%	483	14.99%
Defence	78	4.99%	77	4.21%	84	3.94%	13	0.51%	81	2.53%
Products & Others	59	3.79%	101	5.49%	146	6.85%	90	3.65%	183	5.68%
Total Revenue from Operations	**1,566**		**1,837**		**2,138**		**2,464**		**3,220**	

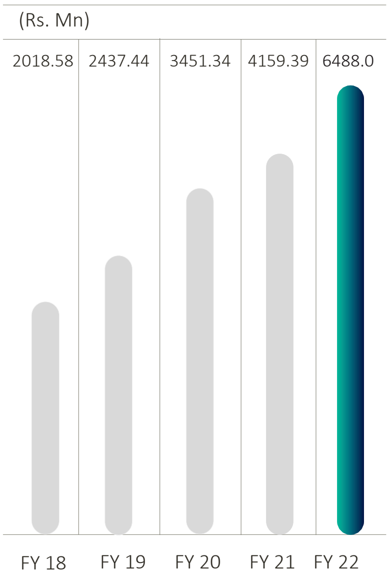
%* represents revenue generated from a sector as a Revenue as a % of revenue from Operations

How we are enhancing value for all the stakeholders

Order book

Our order book has posted a CAGR of 33.89 % over FY 2018-22 and is expected to witness a significant growth over the coming years.

Order book value

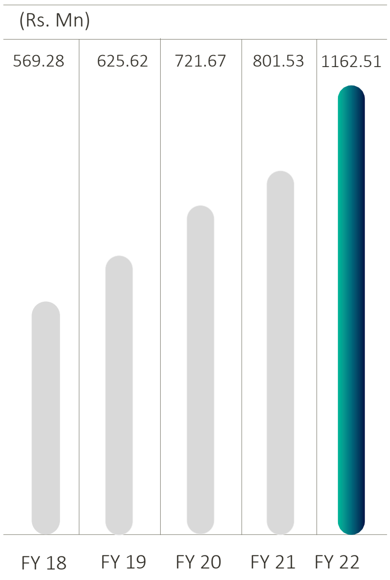


Our robust order book (revenue) provides ample visibility of continuous revenue growth as well as sustainable profitability

Manufactured Capital

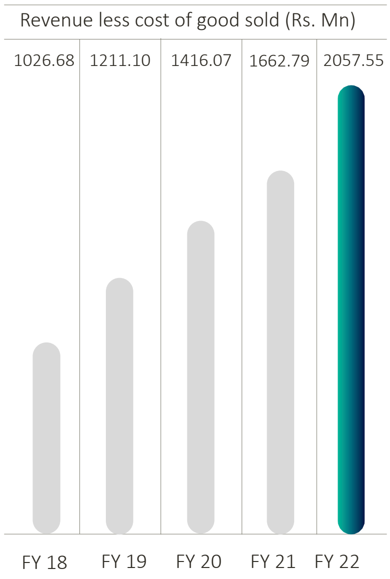
Our assets, manufacturing equipment and technologies constitute our manufactured capital.

Raw Material Cost



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

Gross Profit

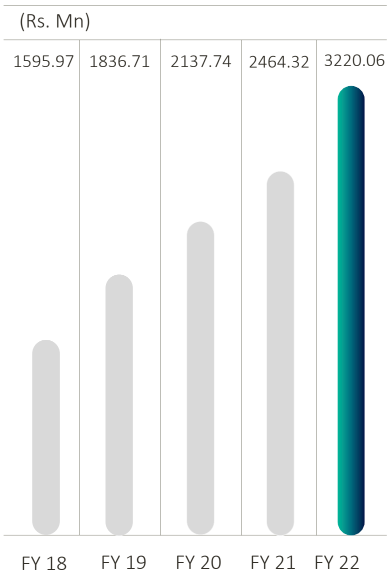


The Company increased the extent of value added to materials

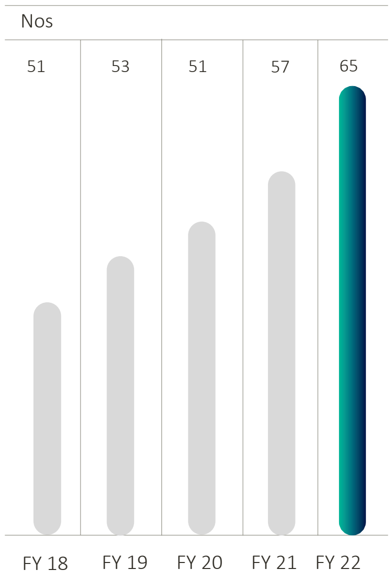
Social Capital

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

Revenue



Unique Customers

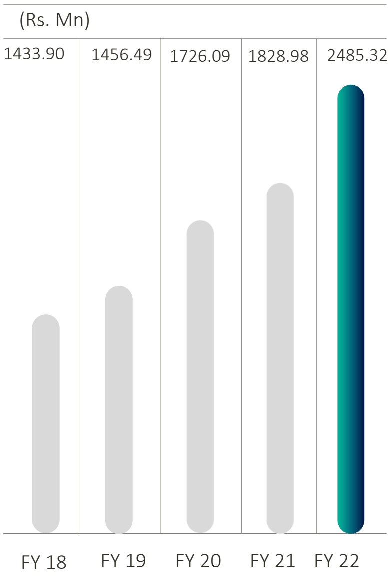


The Company increased revenues, an index of the value created for customers

Human Capital

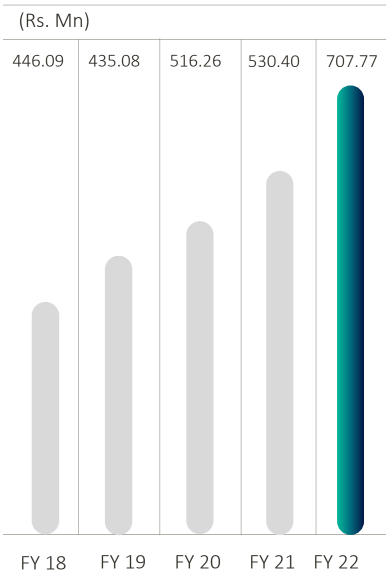
Our management, employees form a part of our workforce, the experience and competence enhancing value.

Total Expenses



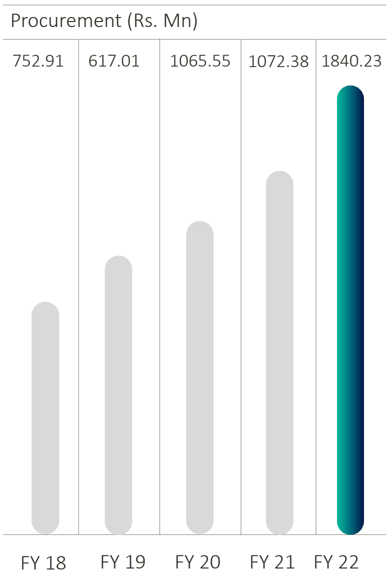
Total expenses have increased in line with the revenue growth

Salaries & Wages



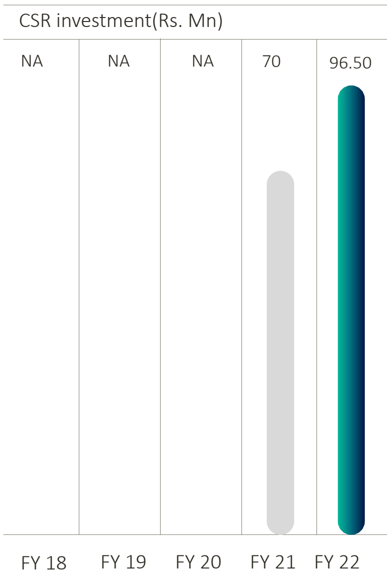
The Company has invested a progressively larger amount in employee remuneration, underlining its role as a responsible employer

Vendor Value



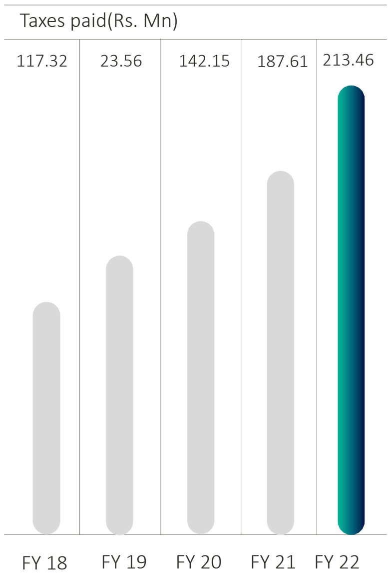
The Company procured a larger quantum of resources through the years, strengthening procurement economies

Community



The Company enriched communities in the geographies of its presence

Government



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

We anticipate a sustainable growth with healthy margins over the coming years

The MTAR management explains operational performance in FY 2021-22 and various business strengthening initiatives taken up by the Company

Q Was the management contented with the operations of the Company during the last financial year?

The Company has fared well across all the parameters in the year under review. We have given a guidance of 30%- 35% increase in revenues, which the Company has achieved. MTAR anticipates a sustainable growth over the coming years. For FY 2022-23 we have given a guidance of 55%- 60% increase in revenues with an EBITDA of 30% +/- 100 bps.

MTAR has commenced the sheet metal operations at Adibatla plant; received nearly 20 Cr of orders from Clean Energy- Fuel Cells sector. In addition, the Company has taken up several new product development initiatives that will help us achieve further revenue growth and better realisations

Q What were the business strengthening initiatives taken up by the Company in FY 2021-22?

We seek to expand our product portfolio, enhance our competencies and diversify our customer portfolio across geographies. Accordingly, the Company has developed new products including roller screws for defence and ASP assemblies & bellows for clean energy sector. Furthermore, with a vision to graduate from precision engineering to system integration, the Company has initiated the concept design and development of Small Satellite Launch Vehicle.

MTAR has taken in-principle approval from the board to widen its competencies further by establishing a dedicated electronics division to address the electronic opportunities in Clean Energy, Space & Defence sectors.

We have added customers in Clean Energy and Oil & Gas segment; the Company is discussions with various customers in Clean Energy and Aerospace sectors

Q Did the Company take initiatives to enhance its customer base?

We act as a strategic partner to our customers rather than a supplier; all our primary customers have several decades of relationship with us. Our goal is not only to add customers but also to develop longstanding relations with them. In FY 2021-22, we have added prestigious customers such as Voith, Hitachi Zosen, and Worldwide Oil Machine. The Company is in discussions with leading global MNCs including GE Hydro, Thales, Blue bird Aero systems, IAI Aerospace, among others. In addition, we have participated in international and national expos to add more customers. We aim to convert these customers into key accounts over the coming years

Q How was the sectorial performance and how could the growth across different sectors be over the coming years?

63% of revenues were generated from Clean Energy – Fuel Cells, 14% of revenues were generated from Clean Energy – Civil Nuclear Power, 15% of revenues were generated from Space. A massive expansion of clean electricity is critical to enable the world to reach its net zero goals, hence, clean energy is expected to witness a phenomenal growth. As a result, our revenues from fuel cells, civil nuclear power, hydel and waste to energy segments are expected to grow

While the clean energy segment is likely to grow exponentially, other sectors including Clean Energy- civil nuclear power, Space and defence are also set to witness a significant growth marked by the lucrative opportunities available in these sectors. .

NPCIL has started floating tenders for fleet reactors; ISRO is expected to increase the number of launches over the coming years and Defence ministry has recently announced the third list of 101 items that are placed under embargo. Our new sheet metal facility enables us to increase our wallet share with ISRO by addressing light alloy structures, thrust chambers and motor casings opportunities.

In addition, the revenues from products is going to increase significantly over the coming years due to inclusion of roller screws and electro-mechanical actuators that are used in wide-variety of applications in Space & Defence sectors

Q

What has led to increase in the number of working capital days in FY 2021-22?

The Company has procured raw materials well ahead of time to navigate through the supply chain disruptions due to COVID 19 pandemic and Russia-Ukraine conflict that has led to an increase in NWC days. Our WIP levels have increased in proportion with the growth. In addition, the receivable days were higher due to higher credit peiod for exports; surge in growth of exports contributed to increased NWC days

The Company has initiated measures to reduce the NWC days. Also, the Company has factored in the additional working capital days in the pricing.

Q

What could be closing order book for FY 2022-23?

The closing order book for FY 2022-23 could be around 1000 Cr. We expect substantial orders from Clean Energy segment; there could be accelerated inflow of orders from Clean Energy – Civil Nuclear Power, and Space segments.

In addition, significant orders are expected for sheet metal and specialised fabrication facilities. The Company also has been participating in international expos across geographies to connect with leading multinational companies.

Q

Did Company enhance the management bandwidth to cater to the high growth Company is set to witness?

The Company has expanded its management bandwidth during the year under review to cater to increased growth. We have strengthened the teams across all the functions including supply chain, operations and HR to address the growing number of opportunities across all the sectors.

Our personnel policies are aimed towards recruiting the talent that we need, facilitating the integration of our employees into the Company, encouraging the development of needed skill-sets and creating a mutually beneficial relationship with employees in order to support the performance and growth of our Company. The current average employee tenure in our Company is approximately 12 years, with a low attrition rate of about 7.2%

Q

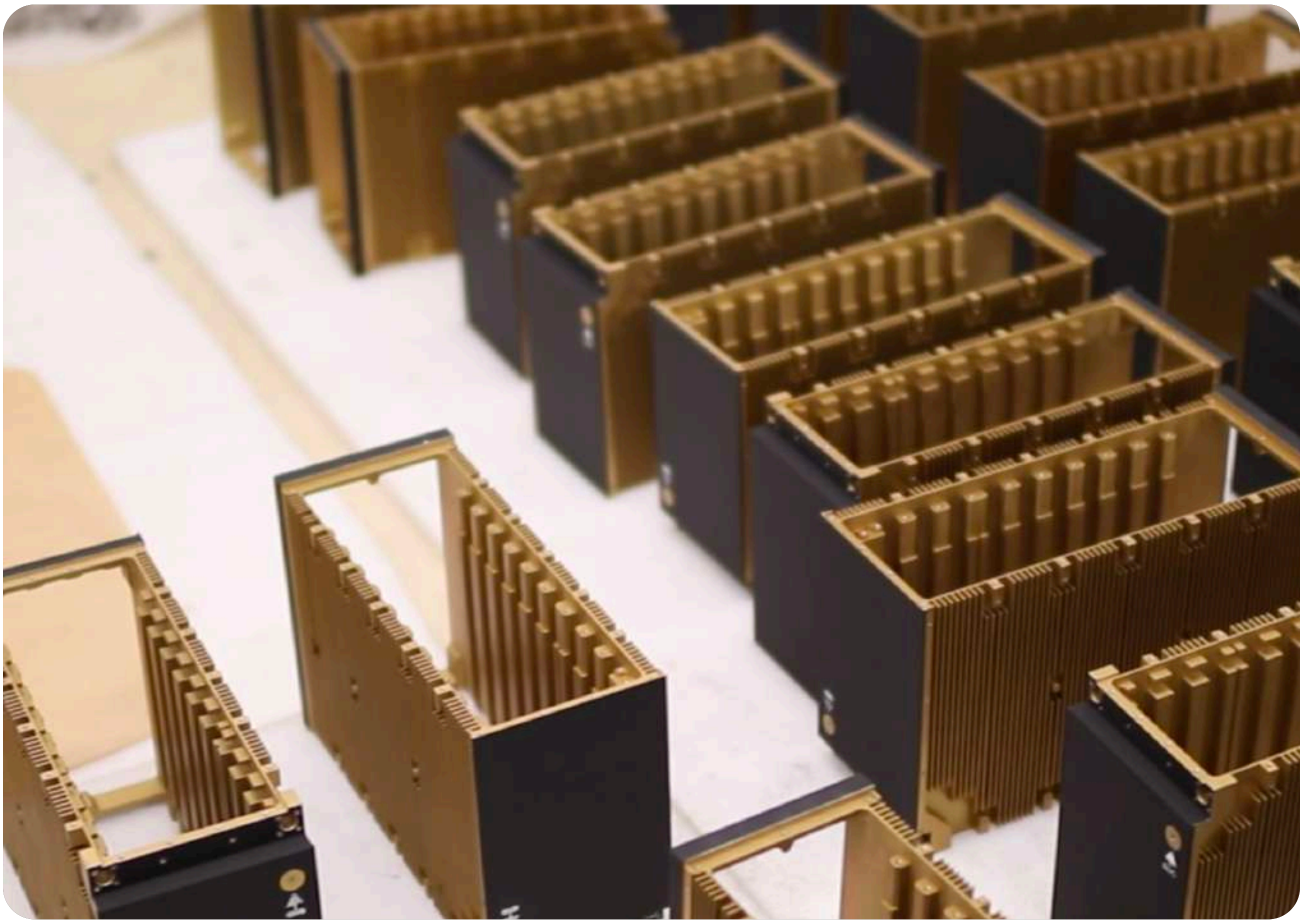
Where do you see yourself in the next five years?

At MTAR, we have forged a culture of constant innovation that led to the development of new technologies. The Company has attained a sustainable growth with healthy margins.

We see ourselves manufacturing integrated systems like Small Satellite Launch vehicles and augmenting our capacities to cater to the increased volumes because of immense opportunities available in the sectors of our presence. We reiterate our commitment towards building a world class institution to make India proud.

The Company seeks to maintain a sustained growth momentum over the coming years, thereby creating long-term value to all the stakeholders.

Management Discussion & analysis



Global Economic Overview

Global economy has grown at 6.1% in the year 2021 as the economies have recovered from pandemic. Russia-Ukraine crisis has induced an increase in the commodity prices, thereby disrupting production and trade. The surge in commodity prices come on top of already tight commodity markets due to a solid demand recovery from the pandemic, as well as numerous pandemic-related supply constraints. Increase in commodity prices and broadening price pressures have led to 2022 inflation projections of points higher than projected last January. of 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies—1.8 and 2.8 percentage Amidst this uncertainty, global growth is projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023.

Source: Economic Times, IMF

Regional Growth %	2021	2020
World Output	6.1	(3.5)
Advanced economies	6.8	(4.9)
Emerging and Developing economies	5.2	(2.4)

Source: IMF, World Bank

Indian Economic Review

India's gross domestic product (GDP) had contracted by 6.6% in FY21. Real GDP is estimated to have grown 8.7% in FY22 after contracting 6.6% in the previous fiscal. Nominal GDP saw a growth of 19.5% in FY22 after contracting 1.4% in FY21. There was a deceleration in GDP growth in Q4 due to global uncertainties and geopolitical tensions. There was a contraction in the manufacturing sector in the last quarter of FY22 due to supply bottlenecks and high input prices

Growing Inflation remained a cause of concern in India and the economy has been fighting the challenge of rising prices for a long time now. Higher prices weighed production costs. The panic and the search for safer havens amongst global investors led to capital outflows from emerging countries including India, resulting in currency depreciation and higher import bills. For FY 2022-23 IMF has slashed the Indian economy's growth from 8.2% to 7.4. It has projected the Indian economy to grow by 61% in FY 24. Surging inflation and severe slowdowns in the United States and China prompted the IMF to downgrade its outlook for FY 2022-23 and FY 2023-24.

The key challenges for the Indian economy would be weakness in consumption demand given the impact of cost-push inflation and weakness in broader labour market, delayed pickup in private sector investment given relatively weaker demand visibility coupled with increasing cost of borrowing, restricted ability of central and state governments The Indian manufacturing sector, which received a boost in FY22 due to export growth, might be hit by a slump in foreign trade activity in FY23. The exports trend of FY 2021-22 might not sustain in FY 2022-23 due to the adverse impact of Russia- Ukraine crisis leading to recessionary concerns in the advanced economies, stringent measures to control Covid-19 in China has implications for production in various sub-sectors in India and continuous global supply chain disruptions/trading sanctions imposed on Russia.

Source: Economic Times, IMF

Y-o-Y growth of the Indian economy

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

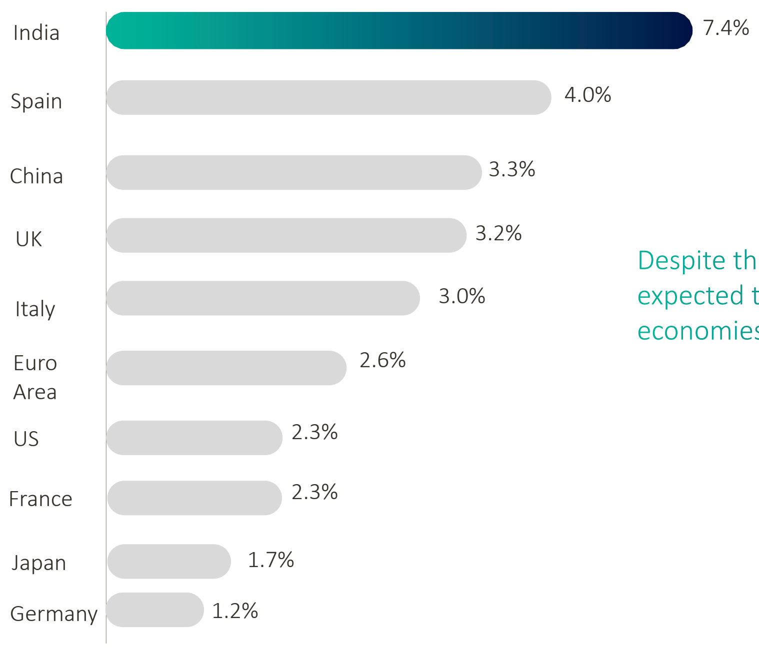
Source: Economic Times, IMF

Growth of the Indian economy, FY 2021-22

	Q1 FY 22	Q2 FY 22	Q3 FY 22	Q4 FY 22
Real GDP growth (%)	20.1	8.5	5.4	4.1

Source: Economic Times, IMF

IMF's growth outlook for FY23



Source: IMF

Despite the global uncertainities Indian economy is expected to be fared better than the other economies

Divisional Review

Clean Energy - Civil Nuclear Power

India has a largely indigenous nuclear programme; government has set ambitious targets to grow nuclear capacity in the country. The Indian government is committed to growing the nuclear power capacity as part of its massive infrastructure development programme.

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. 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. The nuclear power plants have so far generated about 755 billion units of electricity saving about 650 million tonnes of carbon dioxide emissions.

Currently, 23 reactors with a combined capacity of 7.4 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 construct reactors in fleet mode with a single timeframe.

Accordingly, it has sanctioned the manufacture of 10 pressurised heavy water reactors (PHWR) in fleet mode (10 x 700MW) with a combined generation capacity of 7 GWe. NPCIL has started floating tenders for the fleet reactors. In addition the centre has 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 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.

The nuclear equipment industry in India is set to grow rapidly with the government sharpening its focus on the sector. NPCIL is expected to roll out tenders for 14 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.

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

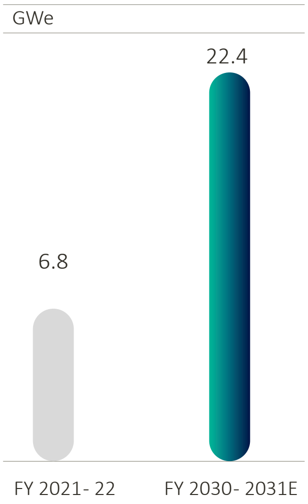
The combined after-market revenue, including maintenance and refurbishment during FY 2015-19, which was valued at Rs. 5.5 Bn-6 Bn is estimated to reach Rs. 9 Bn-10 Bn from FY 2020-25. Over the next five years, the maintenance and refurbishment market is anticipated to expand around 1.7x on account of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

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 reactors at a time. The Company's ability to manufacture and supply specialized products such as fuel machining head, bridge and column and coolant channel 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.

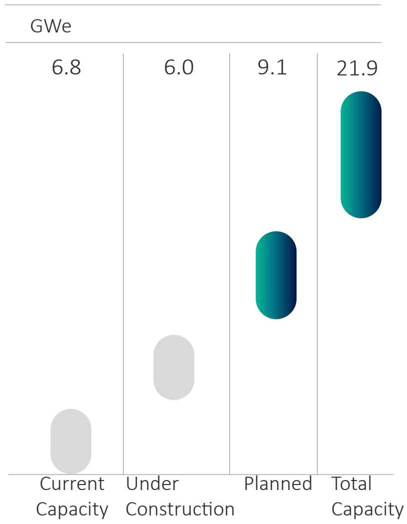
Source: NPCIL, World Nuclear Association, CRISIL Research

Increase in India's nuclear capacity, for 2019-2025P

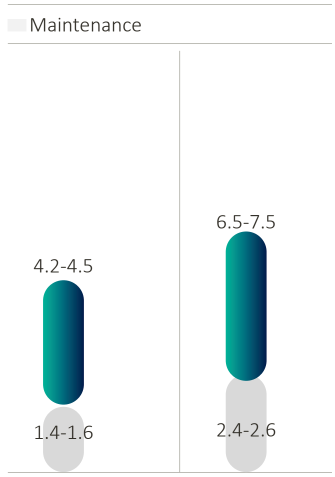


Source: NPCIL, World Nuclear Association, CRISIL Research

Increase in nuclear capacity in India



Source: NPCIL, World Nuclear Association, CRISIL Research



Source: NPCIL, World Nuclear Association, CRISIL Research

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

Key MTAR-Projects Executed FY 2021 - 22

- Channel Health Assessment System
- 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

Divisional Review

Clean Energy - Fuel Cells

Global shift to renewable 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, tidal and others, are at the centre of the transition to a less carbon-intensive and more sustainable energy system.

Distributed power gaining Momentum

Currently, bulk of the electricity in the power grid is generated at centralised power plants, with natural gas, coal, and nuclear power as the most common fuels. But 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 source.

Fuel cell technology is one of the evolving distributed sources of electricity

Fuel cells are deployed across stationary applications, such as primary power source and power back-up, transportation, such as 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 utilised 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 fuel cell process is used for heat). These applications find more relevance for find more relevance for commercial applications such as data centers and servers, hospitals, cellular towers.

The US has witnessed the largest deployment of fuel cell energy. Yet, the contribution of fuel cell-based electricity is very low in overall electricity generation, at a minuscule 0.014% in 2019. However, the pace of growth is robust at 12% CAGR between 2015 and 2019, to 150 MW. However, this rapid growth was on a low base. As per AEO 2020, the share of fuel cell in overall electricity production is expected to increase to 0.016-0.020% by 2025 to 185-200 MW.

Fuel cell utilises hydrogen or other fuel for production of electricity

A fuel cell uses the chemical energy of hydrogen or another fuel to produce electricity. Fuel cells provide power for systems as large as a utility power station and as small as a laptop.

Fuel cells function like batteries, but do not run down or need recharging. These produce electricity and heat as long as fuel is supplied. Also, a fuel cell can be refueled, as opposed to a battery, which needs to be recharged. Fuel cells cannot store electrical energy, and do not require electricity to charge. Fuel cells continuously generate electricity as long as there is supply of fuel. Batteries on the other hand store electric energy but need to be charged through electric power source

Fuel cells based on natural gas / methane

Fuel cells can also be designed to run on other fuels, provided these contain hydrogen (such fuels include hydrocarbons—such as natural gas and methane—or alcohols like ethanol and methanol). In this context, the hydrogen needed to power the cell is extracted from the fuel, using a reformer, or in some cases the fuel cell directly reforms the fuel itself. When using fuels other than pure hydrogen, a fuel cell emits some carbon pollution as well as trace amounts of other pollutants, but substantially less than a thermal power plant

Fuel cells are typically run on natural gas, utilising the existing gas grid infrastructure, or on biogas, usually from landfills or wastewater treatment plants. The few large-scale PEMFCs (polymer electrolyte membrane fuels) installed utilise byproduct hydrogen from industrial processes.

The chemical composition of the electrolyte differentiates one fuel cell technology from another. Fuel cell technologies – SOFC (solid oxide fuel cells), PEMFC, AFC (alkaline fuel cell), PAFC (phosphoric acid fuel cell), MCFC (Molten carbonate fuel cell), and – are available with >200 kW capacity.

Each has a different operating characteristic and serves a different segment of the CHP or power generation market

SOFC and PEMFC dominates fuel cell technology deployment

- **SOFC (Solid oxide fuel cell)** uses a hard, non-porous ceramic compound as the electrolyte and operates at very high temperature. SOFCs reform fuels internally, which enables the use of a variety of fuels, and reduces the cost associated with adding a reformer to the system. SOFCs can use natural gas, biogas, and gases made from coal as fuel. Bloom
Energy is a pioneer in SOFC technology; has installed majority of the SOFC installation in the US, and the country dominates global large-scale SOFC deployment. The Company is now targeting the South Korean market; the technology is gaining momentum in Asian and European markets

- **PEMFC (polymer electrolyte membrane fuels)** is typically fueled with pure hydrogen supplied from storage tanks or reformers. At present, the main application for PEMFC is transportation, followed by small scale residential units. Over 90% of PEMFC systems deployed globally are for the transport sector. PEMFC contributes to almost 80% of fuel cell deployment currently.

- There is currently no major or wide-spread adoption of AFC for large-scale stationary applications

- **PAFC (phosphoric acid fuel cell)** uses liquid phosphoric acid as an electrolyte. The deployment of stationary fuel cells for power generation began ~50 years ago in the US with the installation of PAFC for distributed power and co-generation. Unlike PEMFC and AFC, there are several PAFC installations for stationary power generation globally. South Korea-based Doosan Corporation is one of the major players in the space. PAFC deployment in South Korea is still seeing significant growth. Large-scale commercialisation of PAFC products have not, however, been achieved

- **MCFC (Molten carbonate fuel cell)** is often operated on biogas. For e.g., from wastewater treatment plants, exploiting the fuel flexibility offered by the high temperature internal reforming capacity. For MCFC technology development, the US and Japan have been the main drivers. Fuel Cell Energy is the main manufacturer of the technology, providing most of the systems installed worldwide

- **SAFC (Solid acid fuel cell)** is based on a new class of electrolytes called solid acids. Solid acids are chemical intermediates between normal salts and normal acids. Operating at mid-range temperatures of ~250 °C, SAFC stacks tolerate impurities that pose obstacles for other fuel cell technologies. This allows SAFC stacks to easily operate on commercially available fuels (e.g., propane, methane,
methanol or diesel) while utilising a very low cost and rugged platform

- **DMFC (direct methanol fuel cell)** is powered by hydrogen-rich fuel methanol. This offers the potential of longer operating lifetime and store high energy in smaller space. DMFC appears to be the most promising technology to provide power to portable electronic devices. However, lower efficiency as compared with other technologies and the resulting high cost has limited the growth at present

Source: industry, CRISIL Research

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

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	-	SAFCell Inc

Note: Efficiencies of fuel cell considered here is conversion of chemical energy to electricity energy by fuel cell. Considering the entire efficiencies from unit of electricity to electrolyse water into hydrogen gas, compressing it, distributing it and running an Fuel cell electric vehicle, fuel cell will have same or lower efficiencies as a battery powered-electric vehicle

Source: industry, CRISIL Research

Electroyser / reformer for sourcing hydrogen

Hydrogen must be generated from other sources, such as natural gas/biogas (through reformation) or by electrolysing water (each molecule of water contains two hydrogen atoms). Hydrogen can be produced using diverse resources including fossil fuels, such as natural gas and coal, biomass, non-food crops, nuclear energy and renewable energy sources, such as wind, solar, geothermal, and hydroelectric power to split water.

Electrolysis can be powered by clean, renewable energy sources, such as geothermal, solar, water or wind. In such a manner, the production of hydrogen and its use in a fuel cell can be pollution-free. When electricity produced from renewable energy sources is used, the hydrogen becomes a carrier of renewable energy.

Outlook of fuel cell industry

Fuel cells technology and the type of electrolytes used in fuel cell are constantly evolving. Fuel cell are yet to achieve high volumes and economies of scale.
Application of fuel cell have been increasing due to fall in cost, but cost economies have still not established for mass adoption.
Commercial deployment has started in several regions of the world (e.g., Japan, United States, Canada, Europe). Energy companies, industrial gas companies, original equipment manufacturers for vehicles and other industry stakeholders have positioned themselves and established advocacy groups (e.g., the Hydrogen Council) to take advantage of this potentially large and rapidly growing market.

Growth trend to continue with increase in adoption

Fuel cell market logged 15% CAGR from 2015 to 2019 with increased R&D for commercial application of fuel cell in niche areas of transportation and distributed stationary power. The increase in usage of fuel cell for electricity generation has been supported by the decline in cost due to R&D and economies of scale from higher production volume. The fuel cell industry, in value terms, is expected to grow at 14.0-15.0% between 2020 and 2025 with the increase in volume and decline in cost. In volume terms or megawatt installation for fuel cell industry is expected to grow strongly at 35-40% CAGR over the next five years to reach 5,000+ MWs by 2025 as compared to 1,130 MWs in 2019 while cost is expected to decline by 15-20% during the same period. Growth will be driven by the demand from transportation application and stationary application in niche areas for power backup and distributed reliable power generation. Though electricity generation from fuel cells will take longer to form substantial share in the overall electricity production as the technology is still in the growth phase of development. Adoption is expected to rise substantially only after the technology achieves maturity in commercial applications and provides cost competiveness compared with other renewable sources of electricity generation.

The growth in fuel cell industry will be subject to various factors such as improvements and innovations in technology and cost effectiveness of fuel cell, innovations and cost competitiveness from alternate power sources such as renewable energy, batteries or electric vehicles, and support from government for policy and regulations. The factors can lead to exponential rise as well as limit the exponential growth potential of the industry.

Scale of manufacturing will help to reduce costs

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 volume 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 help reduce procurement costs and streamline production with lower requirement of supplies and additives.

Source: industry, CRISIL Research

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

(Source: Industry data and publication, CRISIL Research)

Increased production will also aid production line automation and development of advanced manufacturing technology, and achieve higher utilisation level and efficiency of existing infrastructure and equipment. All these factors will help reduce fuel cell prices as volume rises.

Market Opportunity for Bloom Energy

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

Bloom Energy has signed a deal with South Korean conglomerate SK Group to provide $4.5 billion of equipment and services. As per this contract, Bloom Energy shall be deploying 500 MW of powerthrough 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, will 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 25-30% CAGR over CY20-25E

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

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

Lower emissions: Fuel cells generate 50% lower CO2 when compared with the US base load power generation with no particulates (SOx and NOx). 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

Opportunity for MTAR

MTAR is one of the key suppliers to Bloom Energy and sole supplier from India market for SOFC & hydrogen units and electrolysers as of FY 2021-22. The Company has 9 years of relationship with Bloom Energy. MTAR caters to 50%- 60% of of its typical hotbox requirement and has a 100% compliance record with it. MTAR could grow faster than Bloom

Increased content per fuel cell: Catering to sheet metal and enclosure requirements through its new facility at Adibatla shall increase the content of MTAR per fuel cell.

Expansion of product portfolio in Keeylocko, hydrogen boxes, electrolysers and ASPs

The South Korean opportunity of USD 4.3 Bn translates into 10,000 Hot Boxes for MTAR spread over three years starting from CY 2022. The Company has received orders for 4000 units of Yuma in FY 2021-22, which are expected to be executed by Dec 2022. In addition, there would be production ramp up of keeylocko that is 40% more efficient than Yuma. Electrolysers batch production is expected to commence from H2 FY 2022-23. The Company has completed the qualification process for ASP assemblies, another new product; production ramp up is expected from H2 FY 2022-23. The Company has also commenced the development of heaters and ceramic assemblies.

Source: industry, CRISIL Research

Key Products being supplied by MTAR

- SOFC Units- Yuma
- SOFC Units-
- Keeylocko
- Hydrogen units
- electrolysers
- ASP assemblies

Key Products under development

- Heaters
- Ceramic Assemblies

Divisional Review

Space

Since its inception, the Indian Space Research Organisation (ISRO) has conducted a total of 112 spacecraft missions and 82 launch missions. In all of these launches, ISRO has launched 12 satellites made by students from different Indian institutions and 342 satellites for different countries

The budget for Department of Space in FY 22 is Rs 134.8 billion. It is estimated that the space budget will attain a value of Rs 185-190 billion by FY25 on account of planned and proposed missions. ISRO conducted 14 missions in fiscal 2019 and 13 missions in fiscal 2020. The launches of ISRO in FY 21 and FY 22 were hit due to COVID 19 pandemic; it has carried out 7 launches in FY 21 and 4 missions in FY 22. The launches of ISRO are expected to be accelerated from FY 23. There could 30-35 missions by ISRO spread over the next two years

Indian space equipment industry Outlook

The satellite manufacturing and launch systems market in India is estimated to reach Rs 46 – 48 billion by fiscal 2025, at a CAGR of 7-8% in the forecast period. From FY 2017- FY 2022, India has been successful in attaining reliability and cost-effective launch services. However, the rising competition, improving technological prowess of other space agencies and private players (especially of US), the global market share of India is expected might decline over the forecast period. FY21 market has taken a hit dueto the COVID-19 pandemic, which resulted in small number of launches.

Due to regulations, the commercial segment of this industry is virtually non-existent. The proposed policies have changed the outlook for the commercial segment. The commercial segment is expected to reach Rs 8-9 billion by FY25.

Key growth drivers and trends

India's satellite launch services are highly cost-competitive and reliable. The launch rate success of PSLV is 96%. From FY 17- FY 21, ISRO has launched satellites from more than 26 countries. Commercial arrangement contracts with 10 countries have been signed. Hence, in FY 21- FY 25P , it is expected that entities abroad will seek out ISRO for satellite launches of medium and small category.

Start-ups are emerging in the space domain with significant technological prowess. With new regulations, competition is expected to rise in upstream and downstream space activities

With rising probability of private players being able to invest in space activities, there is a likelihood of increased investment activity in the form of acquisitions, PE investments, backward integration by private service providers (telecom, entertainment, etc) . Government support for private players (in the form of technology transfer, infrastructure support for launches etc) will aide end-to-end manufacturing set-up for satellites and launch systems. Rising demand for small satellites and SSLVs will foster cost optimisation through economies of scale and manufacturing efficiency

Improving participation from private players is the key agenda for the government. A step in this direction is the establishment of an outreach unit aimed at geospatial application at the National Remote Sensing Centre. To boost innovation and research in the domestic industry, the government aims to establish 12 space technology incubation centres. The Kerala state government has also announced investment in a space technology park to promote R&D in the sector

The small and micro satellites market is gaining ground due to electronic miniaturisation technology, reduced manufacturing time, its lightweight, and cost-effective nature.

Thus, wider coverage can be achieved within a relatively short timeframe. ISRO has initiated transfer of technology (ToT) with regard to small satellites in order to support new space start-ups. In the near term, we can expect a surge in demand for SSLVs, which can install the satellite in the LEO.

Source: ISRO, CRISIL Research

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

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

Segment	CAGR (FY17-FY21)	CAGR (FY21-FY25P)
Military and government	-14.4%	4.5- 5.5%
Commercial	-	29 – 30%

Source: ISRO, CRISIL Research

In light of these, it is expected that new players will enter the industry. Rising satellite demand will, in turn, result in more opportunities for in-orbit upgrade and repairs

The growth of the earth observation downstream market shall provide a further impetus to the satellite manufacturing and launch industry

Overview of government policies and regulations for space sector

So far, ISRO has been the only player in the end-to-end procurement and assembly of launch vehicles and satellites in India's space programme. The domestic space industry served as ISRO's suppliers. As a direct consequence, the state-owned space agency has developed an ecosystem of 400+ suppliers. ISRO sources 80% of the PSLV manufacturing from the private sector. This restricted the role of the domestic industry to supplying components and sub-systems. Efforts were never made to enhance their participation in technology and resources.

But recent increase in demand for satellite applications across the world has led the government to evaluate opening up of the sector for private players. ISRO intends to commercialise the Indian space sector, in order to expand the reach of its products and services to other countries. In 2019, ISRO's new commercial arm NewSpace India has outsourced 5 PSLVs to the consortioum of HAL- L&T. Once this is successfully executedanother contract will be rolled out for 12 PSLVs.

Indian National Space Promotion and Authorisation Centre (IN-SPACe) has been established which will assume the role of a facilitator and regulator. It will liaison between private players and ISRO to ensure best optimum use of the space agency's infrastructure, scientific and technical resources and data on space missions. 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.

This will help ISRO solely focus on development of new technologies, its ambitious exploration and human spaceflight missions.

Competitive landscape of space industry

Entry barriers for the space industry are very high and entails technological capabilities, manufacturing prowess, quality assurance, reliability and state of the art production facilities. Because of this, the supplier ecosystem of ISRO has very few major players, with each operating in a niche monopolistic segment of component manufacturing. However, recently many start ups have come up because of the opportunities due to commercialization of Space

Opportunity for MTAR

MTAR has been a trusted supplier to ISRO for the past four decades. It has proven capabilities in manufacturing high-tech products for PSLV, GSLV and SSLV, like liquid propulsion rocket engines (Vikas Engine for PSLV), cryogenic engines, electro pneumatic modules etc. It also manufactures high-end valves for satellites. The Company has contributed to Prestigious missions such as Chandrayaan-2, Mangalyaan etc. The Company is also manufactruing critical structure like grid fin for Gagaganyaan mission

Increase in launches from ISRO over the coming years is expected to provide increased inflow of orders to MTAR. Furthermore, our new sheet metal facility shall enable us to address opportunities including motor casings, light alloy structures and thrust chambers, increasing our wallet share. MTAR has initiated the design and development of Two Stage to Low Earth Orbit Small Satellite Launch vehicle- Garuda 1. The Company seeks to develop 100 ton and 10 ton all liquid engines in-house and intends to take the support of IN-SPACe for procurement of Avionics, and marketing support.

Key Products being supplied by MTAR

- Vikas Engines
- Cyrogenic Upper Stage 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

Divisional Review

Defence

The Indian defence sector is currently focused on indigenisation of various defence technologies in view of the recent GoI announcements made on the indigenisation of 108 systems and sub-systems. Recently, Defence ministry has annouced 101 major pieces of defence equipment that the Ministry of Defence (MoD) will no longer clear for import. Instead, these 101 items will be incrementally procured from indigenous sources as per the provisions of Defence Acquisition Procedure (DAP) 2020. These weapons and platforms shall be incrementally banned for import, with some items embargoed from December 2022, and additional items added each December until 2027.

The 101 items embargoed for import today were preceded by two earlier lists: The first list of 101 items was promulgated on August 21, 2020; and a second list of 108 items was announced on May 31, 2021.

Defence sector is expected to grow further because th emphasis on national security amidst geo-political tensions like Russia-Ukraine crisis. There is a high need for self reliance under the current geo-political scenario

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. MTAR is also developing electro-mechanical actuators. However, the Company's presence is limited in Defence 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

Key Products under development

Electro-mechanical actuators

Opportunities and threats

Clean Energy Civil nuclear: NPCIL has started floating tenders for fleet reactors. New reactors under construction and the fleet reactors yet to be constructed shall be adding a capacity of 15.7 GWe over the next decade. This capacity addition along with coupled reactor refurbishment opportunities could result in unprecedented growth of the domestic industry. Civil Nuclear power is marked with stringent qualification criteria that could provide incumbents an edge over others. MTAR 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 uncertainities). The Company is declared L1 for approx. Rs. 135 Cr of orders.

Clean Energy Fuel cells: Global governments are emphasizing renewable energy sources to achieve carbon neutrality by 2050. Fuel cells are efficient energy sources; exponential growth is expected in this segment, strengthening the Company's revenues. In addition, the market for electrolysers is expected to grow significantly that shall further contribute to the top line. The Company has developed new products such as ASP assemblies and bellows

The Company intends to add other Clean Energy players present in this Space, accordingly, initiated discussion with global MNCs present in this space. In addition, the Company has started fabricating critical structures for Hydel and Waste to Energy sectors

Space: Increased launches from ISRO 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 keep to tap the massive opportunity available due to privatisation of Space, started working on the design and system realisation of Small Satellite Launch Vehicle

Defence: Government of India is emphasising on import substitution. The Company has submitted the first articles of roller screws which are currently, being imported from Sweden; import substitution is expected to provide substantial opportunity in this area. Additionally, Company is working on the development of electro-mechanical actuators and won Rs. 72 Mn orders in FY 2021-22, which are expected to be executed in FY 2022-23

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 assemblies and components with close tolerance levels of 5-10 microns. The Company emerged as a market leader due to its contribution to the Indian civilian nuclear power programme, Indian space programme, Indian defence, global defence as well as global clean energy sectors. The Company is respected for having invested in state-of-the-art facilities comprising machining, assembly, specialised fabrication, painting and special process facilities. The Company's clients comprise ISRO, NPCIL, DRDO, Bloom Energy, 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

The Company 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 61% of total revenue from operations in FY 2021-22 as against 55% of total revenue from operations in FY 2020-21. Revenue from domestic stands at 39% of total revenue from operations in FY 2021-22 as against 45.0% of total revenue from operations in FY 2020-21. Clean energy has witnessed a significant growth in the year under review

Sector	Revenue generated from customers in FY 2021 - 22 (Rs. Mn)	Revenue generated from customers in FY 2020 - 21 (Rs. Mn)
Clean Energy- Civil Nuclear Power	457.00	552.72
Clean Energy- Fuel Cells & Others	2,016.00	1,227.1
Space	482.66	581.97
Defence	81.34	12.60
Products and Others	183.06	89.94
Total	**3,220.06**	**2,464.33**

Financial overview

Analysis of the profit and loss statement

Revenues: Revenues from operations reported a 30.7 % growth from Rs. 2,464.32 Mn in FY 2020-21 to reach Rs. 3.220.06 Mn in FY 2021-22. Other income of the Company accounted for a 2.72% share of the Company's revenues, reflecting the Company's dependence on its core business operations.

Expenses: Total expenses increased by 35.89% from Rs. 1,828.98 Mn in FY 2020-21 to Rs. 2,485.32 Mn due to the increased scale of operations. Cost of materials consumed, accounting for 48.88% share of the Company's revenues, increased by 7.59% from Rs. 1,017.54 Mn in 2020-21 to Rs. 1,574.05 Mn in FY 2021-22 owing to an increase in the operational scale of export revenues. Employees expenses, accounting for a 21.98 % share of the Company's revenues, increased by 0.46 % from Rs. 530.40 Mn in 2020-21 to Rs. 707.77 Mn in FY 2021-22.Finance costs of the Company decreased by 5.03% from Rs. 70.01 Mn in 2020-21 to Rs. 66.49 Mn in FY 2021-22. Decrease in finance costs was due to utilization of IPO working capital funds and usage of foreign currency loans.

Analysis of the Balance Sheet
Sources of funds
The Equity capital employed by the Company increased by 9.02% from Rs. 4,767.57 Mn as on March 31, 2021 to Rs. 5,197.64 Mn as on March 31, 2022 after payment of dividend Rs. 184.56 Mn during the FY 2021-22. Long term borrowing increased by 301.82% from Rs.121.36 Mn as on March 31, 2021 to Rs. 487.25 Mn as on March 31, 2022 (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, decreased by 4.2% from 19.33% in 2020-21 to 15.13% in FY 2021-22 due to investment in future expansions plans which will start its operations in Mid FY 2022-23.

Applications of funds
Fixed assets (gross) of the Company primarily increased by 19.23% from Rs. 2,239.22 Mn as on March 31, 2021 to Rs. 2,669.88 Mn as on March 31, 2022 owing to an increase in Capex for our sheet metal and specialised fabrication facilities at Adibatla. Depreciation on tangible assets increased by 12.08% from Rs. 123.09 Mn in 2020-21 to Rs. 137.96 Mn in FY 2021-22 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. 893.87 Mn as on March 31, 2021 to Rs. 1,653.51 Mn as on March 31, 2022, due to increase in short term borrowings (including Current maturities of long-term borrowings) and increase in trade payables. The Current and Quick Ratios of the Company stood at 2.80 and 1.77 respectively at the close of FY 2021-22, compared to 4.46 and 3.31 respectively at the close of 2020-21. Inventories including raw materials, work-in-progress and finished goods, among others, increased by 66.1% from Rs. 1,025.44 Mn as on March 31, 2021 to Rs. 1,703.16 Mn as on March 31, 2022 owing to an increasing scale of operations resulted in increased stock of raw materials and work in progress. The inventory cycle increased from 152 days of turnover equivalent in 2020-21 to 193 days of turnover equivalent in FY 2021-22. Growing business volumes resulted in an increase of 75.96 % in trade receivables from Rs. 772.78 Mn as on March 31, 2021 to Rs. 1,359.84 Mn as on March 31, 2022. All receivables were secured and considered good and 90% of receivables are not overdue. The Company contained its debtor's turnover cycle within 154 days of turnover equivalent in FY 2021-22 compared to 115 days in 2020-21. Cash and bank balances of the Company decreased from Rs. 1,909.00 Mn as on March 31, 2021 to Rs. 669.24 Mn as on March 31, 2022.

Invested Rs. 623.30 Mn in mutual funds for immediate strategic initiatives. Other Current Assets increased by 38.34% from Rs. 151.98 Mn as on March 31, 2021 to Rs. 209.70 Mn on account of increased balances recoverable from government authorities and advances payable to suppliers.

Margins
The EBITDA margin of the Company reduced by 439 basis points from 33.72% in 2020-21 to 29.33% while net profit margin of the Company improved by 21 basis points.

Key Ratios

Particulars	2021-22	2020-21	Remarks
Debtor's turnover ratio	3.02	3.55	Our debtors turnover ratio has witnessed a nominal reduction primarily due to increase in export receivables with higher credit period
Inventory turnover ratio	0.85	0.90	Our Inventory turnover has slightly decreased due to increase in average inventory, which is an outcome of increased WIP and Company's proactive decisions to import raw materials ahead to overcome Ukraine-Russia war related issues.

Particulars	2021-22	2020-21	Remarks
Interest coverage ratio	13.37	10.26	Company is having healthy margins to cover the interest expenses which is approximately by 13 times the interest cost. Interest coverage of Company is higher compared with last year which depicts the Company's ability to meet financial obligations
Current ratio	2.80	4.46	The current ratio of Company reduced due to Increase in short term borrowings and Increase in trade payables with increase in scale of operations.
Debt-equity ratio	0.18	0.03	Our debt to equity ratio has increased due to mainly on account of term loan taken for Adibatla plant and increased working capital requirement in line with the additional revenue growth
Operating profit margin (%)	27.60%	29.15%	Our operating margin has been reduced in FY 2021-22 compared with last year due to investment in human resources for future expansions and operational growth
Net profit margin (%)	18.91%	18.70%	Our net profit margin increased slightly despite reduction in operating margins due to decrease in finance costs and deferred taxes
Return on Net worth	**12.22%**	**13.13%**	Our RoNW has reduced slightly due to the utilization of IPO funds in various expansion plans and fixed assets are under work in progress.

Risks and concerns

Risk, which is the manifestation of business uncertainty affecting corporate performance and prospects, is an integral part of business. Russia-Ukraine conflict and pandemic have caused supply chain disruptions and labour shortages. These have delayed the procurement of raw materials and value addition from outsourced work, which has posed challenges to our operations in FY 2021- 22. However, with our diligent procurement and production planning and operational excellence, the Company was able to navigate through the uncetain scenario and achieve our targets in FY 2021-22. Global geo-political occurrences might pose supply chain disruptions that could cause a delay in the procurement of raw materials, labour shortages and customer clearances, which could affect revenues. However, the Company follows a defined and exhaustive risk management process, which is integrated with its operations.

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. To address the identified risks, we continue to spend significant time, effort and human resources to manage and mitigate such risks

Internal control systems and their adequacy

The Company's internal audit system has been continuously monitored and updated to ensure that assets are safeguarded, established regulations are complied with and pending issues are addressed promptly. The audit committee reviews reports presented by the internal auditors on a 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 implemented various IT solutions and 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 upgraded ERP with a new version- Microsoft Navision- encompassing all business functions including production, finance, sales, manufacturing processes, storage and warehousing, inventory and human resource management to have a greater control over the business.

Our facilities at Unit 2 and EOU have been certified for ISO 27001:2013 Information Security Management System. We shall be receiving ISO 27001:2013 certification for our new unit at Adibatla in H1 FY 2022 - 2023

The Company has also increased its investment further in automated shop floor management solutions to reduce the cycle time and enhance productivity by addressing product life cycle bottlenecks. MTAR 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 increased its corporate and technical team bandwidth in proportion to the future growth projections. For maintaining a lean structure and maximizing return on human capital, the bulk of talent was focused on technical activities. As on March 31, 2022, the Company 476 staff and 742 workmen (including on and off rolls) and 522 third party contractors.

The average employee tenure in the Company was approximately 12 years with a modest attrition rate of 7.2% even during pandemic.

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

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

Particulars	FY 2021 - 22	FY 2020- 21
Staff, including on and off the rolls	476	401
Workmen including on and off the rolls	742	775
Third party contractors	522	277
Total	**1740**	**1453**

Disclosure of Accounting Treatment

During the preparation of the financial statement of FY 2021-22 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; majority of the Company's revenue is derived from manufacturing climate positive products

The Company has set up two solar rooftop plants of 1.38 MWe total capacity at Unit 2 and EOU to reduce our energy consumption

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. Sustainability should be an adjunct to business, but a core part of business strategy.

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.

At MTAR we believe 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

Sl No	Factor	How a strong ESG proposition could help
1	Top-line growth	• 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	Low energy consumption helps in reducing the operational costs
3	Minimising Regulatory & Legal interventions	• Achieve greater strategic freedom through deregulation • Provides access to subsidies and government support
4	Increasing employee productivity	Increases employee motivation Enables to attract talent through greater social credibility
5	Optimising investment and capital expenditure	• 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

MTAR strongly believes that making the right environmental decision leads to better investment outcomes and increased wellbeing of our stakeholders and society at large. We intend to continuously improve the environmental impact of our business by manufacturing products that contribute to the reduction of carbon emissions and by making our operational processes more sustainable

Over the years we have strategized to grow our clean energy segment significantly to manufacture climate positive products that contributes in a small way to global transition into low carbon economy. Majority of revenues are derived from clean energy segment including civil nuclear power and fuel cells. 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 in FY 2021-22. This is expected to reduce energy consumption at these units by at least 30%. The Company is the process of installing solar rooftops at Unit 3 and Adibatla

Our facilities at Unit 2 and EOU are certified for ISO 14001:2015, Enviromental Management System. We are expecting to get our facilities at Adibatla certified for ISO 14001:2015 by H1 FY 2022-23.

	Revenue as % of total revenue from operation				
	FY 18	FY 19	FY 20	FY 21	FY 22
Clean Energy – Fuel Cells & Hydel	50.07%	61.41%	64.34%	49.79%	62.61%
Clean Energy – Civil nuclear Power	29.44%	13.04%	12.17%	22.43%	14.19%
Total	79.51%	74.46%	76.51%	72.22%	76.80%

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

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. The Company is placing additional efforts to increase the number of women in the organisation.

Training & Workforce Development

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.

Our facilities at 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 85.0% 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 7.2% over the last few years

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

Vendor Development

The Company is known for prompt payments among its vendors. It believes in the empowerment of local vendors; nearly 40% of our raw material is procured from local vendors

Community

The Company works for the development of communities through its partner organisations. In FY 2021-22 the Company has contributed Rs. 9.65 Mn towards health care and education through our partner NGOs

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, six are independent including three technologists from Civil Nuclear, Space and Defence sectors. Independent directors are appointed for three-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

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.

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

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

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

Overview

As we operate in a volatile environment surrounded by constant uncertainties, we need to prepare for an uncertain and volatile future that includes climate change, technological disruption, geopolitical risk, threats to the global supply chain, data security etc. Conducting business operations in a seamless way 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.

Risk Management Framework

At MTAR, we have a risk management framework to assess, communicate and address risks for a more effective organisational response for whatever awaits us.

We have 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

Classification of Risks

Particulars	Areas covered
Strategic	Governance, planning, M&A, Expansion, Market dynamics, Major initiatives
Financial	Accounting, Liquidity, Capital structure
Operational	Capacity, IT, Supply chain, manufacturing, sales and marketing, people
Compliance	Code of conduct, legal, regulatory

Governance Hierarchy

We have 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	• Assessment of strategic risks • Summary review of operational, financial and compliance risks
Apex Risk Management Committee	• Assessment of Strategic risks • Assessment of financial risks • Summary review of operational and compliance risks
Functional Risk Management Committee	• Review of operational and compliance risks of respective functions

Customer Concentration Risk

A significant proportion of our revenues have historically been derived from few customers. In case we lose one or more of our significant customers , our revenues could be impacted adversely, which may lead to a significant impact on our financial condition and cash flows. The Company operates in a niche space; our past experience in the supply of our products, reputation for quality, financial strength, and the cost effectiveness of our offerings, has not only strengthened our position in the market but also has enabled us to establish and maintain relationships with our customer. There has been no instance of prominent customer attrition though proportions in revenues from customers could vary as per the market conditions. In addition, the Company 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

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

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.

Forex Volatility risk

More than 60% of our revenue is derived from cutomers 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. Furthermore, our treasury team is closely monitoring the forex fluctuations and our Board has approved the hedging policy.

Expansion risk

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.

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.

Working Capital Management

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, under certain contracts, payment terms do not include advance payments or such contracts have payment schedules that shift payments toward the end of a project or otherwise increase our working capital burdens. In addition, our net working capital days have increased recently because we have undertaken a growing number of projects specifically in exports division and have procured raw material ahead of time due to pandemic and geopolitical tensions. The Company is taking necessary measures to reduce the NWC days.

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.

Krishna Kumar Aravamudan

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

Ameeta Chatterjee

Ms. Ameeta Chatterjee is an independent director on our board. She is an IIM Bangalore Alumnus and has more than two decades of corporate experience in developing, managing and executing large projects across infrastructure sectors in India and UK. 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

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

**Mr. Praveen Kumar Reddy has been appointed as an Executive Director by the Board of MTAR w.e.f. 09th August 2022 subject to approval of Shareholders in the ensuing AGM*

Venkatasatishkumar Reddy

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.

Vedachalam Nagarajan

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

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 leader-ship awards, among others.

MANAGEMENT COUNCIL

Entrusted with the overall responsibility of management. More than 30 years of rich work experience in Manufacturing and Construction industries. He has a Master's degree in science, specializing in industrial engineering from Louisiana Tech University. Mr. Reddy is instrumental in setting up and growing exports vertical in the Company.

Parvat Srinivas Reddy, Managing Director

Responsible for heading finance, mergers & acquisitions, corporate affairs, corporate strategy in the Company. More than 21 years of experience across finance spectrum in strategic planning, P&L management, tax compliance, fund raising, financial accounting, and charting out annual operating plans. He was previously associated with Tata Sikorsky Aerospace Ltd as a CFO for a span of 11 years.

Gunneswara Rao Pusarla, CFO

Responsible for ensuring compliance with statutory and regulatory requirements. He is a member of Institute of Company Secretaries of India since June 2018 and also holds LLB degree from Rashtrasant Tukadoji Maharaj Nagpur University. He has four years of experience in dealing with statutory compliances.

Shubham Sunil Bagadia, Company Secretary & Compliance Officer

Responsible for leading the day to day operations. He has more than 13 yrs. of experience in sectors including defence, manufacturing, IT, engineering. Previously he was associated with reputed organisations such as High Radius Technologies Pvt. Ltd, Bharat Forge Ltd., DRDO. He is an alumnus of NIT, Allahabad and ISB, Hyderabad

Devesh Dhar Dwivedi, COO

K. Sreeramulu Reddy, SVP Quality

Responsible for heading the quality function in the Company. More than 45 years of rich experience working in Clean Energy- Civil Nuclear Power, Space, and Defence sectors.

Anushman Reddy Mitta, VP Exports*

Responsible for heading exports division in MTAR; instrumental in growing exports vertical in the Company. He has nearly eight years of experience in manufacturing and worked in global organisations including AeroVironment.

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

Responsible for heading operations in Clean Energy- Civil Nuclear Power and products verticals in the Company. He has been associated with the Company since inception; rich experience working in Clean Energy- Civil Nuclear Power, Space and Defence sectors.

Ch. Ramesh Reddy, VP Operations Clean Energy Civil Nuclear

Responsible for heading the operations of Civil Nuclear Power & Defence sectors. More than 30 years of vast experience in Civil Nuclear Power & Defence sectors.

A. V. Sudhakar Reddy, VP Operations Space

Responsible for heading the operations of Space. Nearly three decades of robust experience in Space sector.

D. Sidda Reddy, VP Clean Energy - Fuel Cells

Responsible for heading the operations of Clean Energy; three decades of vast experience in precision engineering.

Pusparaj Satpathy, VP HR

Responsible for the HR development in the organisation. He has nearly 25 years of experience in human resources; worked in reputed organisations including Century Enka Ltd., Hindustan Zinc Ltd. and Hindalco Industries Ltd.

T. Madhusudhan, VP Supply Chain

Responsible for handling supply chain function in MTAR. Worked in reputed global organizations including BOF Steel Melt Shop, Bhilai Steel Plant, Global Steel Holdings Ltd, Adhunik Metallics Limited, Arya Iron & Steel Company Pvt Ltd, Jindal Shadeed Iron and Steel Llc, Al Arkan Holdings Company Llc, Moon Iron and Steel Company

A. Vara Prasad, VP Specialised Fabrication

Responsible for heading the specialised fabrication. More than three decades of rich experience in specialised fabrication and heavy engineering.

*Mr. Anushman Reddy has been appointed as executive director by the Board of MTAR w.e.f. 09th August 2022 subject to approval of Shareholders in the ensuing AGM

Statutory Reports

Notice

NOTICE IS HEREBY GIVEN THAT THE 23RD ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF MTAR TECHNOLOGIES LIMITED WILL BE HELD ON FRIDAY, 23 RD DAY OF SEPTEMBER, 2022 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 and adopt the Standalone and Consolidated Audited Balance Sheet as at 31st March, 2022, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date together with the Notes attached thereto, along with the Report of Auditors and Directors thereon.

2. To appoint a director in place of Mr. P. Srinivas Reddy (DIN: 00359139) who retires by rotation and being eligible, offers himself for re-appointment. (Brief Profile: Annexure A to this Notice).

SPECIAL BUSINESS:

3. RATIFICATION OF PAYMENT OF REMUNERATION TO THE COST AUDITOR FOR THE FINANCIAL YEAR 2022-2023:

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 of Rs. 3,00,000/- per annum plus out of pocket expenses and applicable taxes. 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 2023.

RESOLVED FURTHER THAT Managing Director or the Chief Financial 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 the foregoing resolution.

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

4. APPOINTMENT OF MR. ANUSHMAN REDDY (DIN: 08104131) AS THE DIRECTOR AND WHOLE-TIME 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 an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161 and any other applicable provisions of the Companies Act, 2013, provisions of SEBI (LODR) Regulations, 2015 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Anushman Reddy (DIN:08104131), who was appointed by the Board of Directors as an Additional Director (category-Executive) of the Company on recommendation of Nomination and Remuneration Committee with effect from 09.08.2022, who holds office upto the date of this Annual General Meeting or the last date on which the annual general meeting should have been held, whichever is earlier and who is eligible for appointment and has consented to act as Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and the Rules made thereunder and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") (including any statutory modification(s) or re- enactment thereof for the time being in force) and Articles of Association of the Company, as amended from time to time, approval of the members be and is hereby accorded for the appointment of Mr. Anushman Reddy (DIN:08104131), as the Whole Time Director of the Company for a period of 3 years with effect from 09th August 2022 to 8th August 2025 at a remuneration of Rs. 4.5 Lakhs per month plus 30% performance linked variable pay.

RESOLVED FURTHER THAT in the event of losses or inadequacy of profits in any financial year during his tenure the Company shall pay to Mr. Anushman Reddy (DIN:08104131), remuneration by way of salaries and allowances as specified above as minimum remuneration and in accordance with the limits specified under the Companies Act, 2013 read with Schedule V to the Companies Act 2013, or such other limit as may be prescribed by the Government from time to time.

RESOLVED FURTHER THAT Managing Director or the Chief Financial 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 the foregoing resolution.

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

5. APPOINTMENT OF MR. A. PRAVEEN KUMAR REDDY (DIN: 08987107) AS WHOLE-TIME 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 an Ordinary Resolution:

"RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and the Rules made thereunder and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") (including any statutory modification(s) or re-enactment thereof for the time being in force) and Articles of Association of the Company, as amended from time to time, approval of the members be and is hereby accorded for the appointment of Mr. A. Praveen Kumar Reddy (DIN: 08987107), as the Whole Time Director of the Company for a period of 3 years with effect from 09th August 2022 to 08th August 2025 at a remuneration of Rs. 4.5 Lakhs per month plus 30% performance linked variable pay and who is liable to retire by rotation.

RESOLVED FURTHER THAT in the event of losses or inadequacy of profits in any financial year during his tenure, the Company shall pay to Mr. A. Praveen Kumar Reddy (DIN: 08987107), remuneration by way of salaries and allowances as specified above as minimum remuneration and in accordance with the limits specified under the Companies Act, 2013 read with Schedule V to the Companies Act 2013, or such other limit as may be prescribed by the Government from time to time.

RESOLVED FURTHER THAT Managing Director or the Chief Financial 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 the foregoing resolution.

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

6. TO PAY REMUNERATION BY WAY OF COMMISSION UP TO 1% OF THE NET PROFITS OF THE Company OR A SUM OF RS. 90,00,000/- WHICH EVER IS LESS TO INDEPENDENT DIRECTORS

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

"**RESOLVED THAT** pursuant to the provisions of Section 197, 198 and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and based on the recommendation of Nomination and Remuneration Committee and the Board of Directors, consent of the members of the Company be and is hereby accorded to pay remuneration by way of commission or otherwise to the Independent Directors of the Company for a period of 5 years commencing from the financial year 2022-23 an amount not exceeding 1% of the net profits of the Company computed in accordance with the provisions of Section 198 of the Companies Act, 2013 or Rs.15,00,000/- per independent director (aggregating to Rs.90.00 lakhs since the Company has 6 Independent Directors as on date), whichever is lower and the said remuneration is in addition to sitting fees and reimbursement of expenses for attending the meetings of the Board of Directors or Committees thereof and the said remuneration be paid in such amount, proportion and manner as may be decided by the Board of Directors of the Company from time to time;

RESOLVED FURTHER THAT the total overall managerial remuneration payable to all the directors of the Company in any financial year shall not exceed the limits prescribed under Section 197 and other applicable provisions of the Act;

RESOLVED FURTHER THAT Managing Director or the Chief Financial 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 the foregoing resolution.

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

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

Sd/
P. Srinivas Reddy
Managing Director
(DIN: 00359139)

Place: Hyderabad
Date: 09-08-2022

Explanatory Statement

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

Item No. 3: Ratification Of Payment Of Remuneration To The Cost Auditor For The Financial Year 2022-2023:

Based on the recommendation of the Audit Committee, the Board of Directors in its meeting held on 10th May 2022 has approved the appointment of M/s. Sagar & Associates, (Registration No.000118), Cost Accountants as Cost Auditors of the Company for the year ending 31st March 2023 to conduct the audit of cost records and has fixed their remuneration at Rs. 3,00,000/- per annum plus out of pocket expenses and applicable taxes etc.

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

Accordingly, the Board of Directors recommends the passing of the above Resolution as an Ordinary Resolution set out in the item no. 3 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:4 Appointment of Mr. Anushman Reddy (Din: 08104131) as the director and Whole-Time Director of the Company:

The members may note that Mr. Anushman Reddy was inducted into Board as an Additional Director of the Company, with effect from 09th August 2022 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and holds the office as such up to the date of ensuing Annual General Meeting or the last date on which the annual general meeting should have been held, whichever is earlier. As per the provisions of section 160 of the Act, any such proposal ought to be approved by the members in the General Meeting.

The Board of Directors in its meeting held on 09th August 2022, subject to the approval of the Shareholders, and upon the recommendation of Nomination and Remuneration committee , having considered the contribution of Mr. Anushman 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 appointed him as Whole-Time Director of the Company in the promoter category with effect from 09th August 2022 for a period of 3 years at a remuneration of Rs. 4.5 Lakhs p.m. plus 30% performance linked variable pay with liberty to the Board of directors to fix, alter or vary from time to time the terms and conditions of the said appointment including the remuneration in such manner as it may deem fit within the limits in that behalf contained in Schedule V of the said Act including any Statutory modification(s) in force or that may hereinafter be made thereto and as may be agreed by the Board of Directors and Mr. Anushman Reddy in this regard.

The Board of Directors recommends the passing of the above resolution as a Ordinary Resolution as set out in the item no. 4.

None of the other Directors /Key Managerial Personnel and their relatives except Mr. Anushman Reddy himself and Mr. A. Praveen Reddy who is related to Mr. Anushman Reddy, are in any way interested or concerned financially or otherwise, in the Resolution set out in the notice.

Item No. 5: Appointment Of Mr. A Praveen Kumar Reddy (Din: 08987107) As Whole Time Director Of The Company

The members may note that Mr. A Praveen Kumar Reddy was inducted into Board as Whole Time Director of the Company, with effect from 09th August 2022 pursuant to the provisions of Sections 196, 197, read with Schedule V and other applicable provisions if any, of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof for the time being in force and Articles of Association of the Company.

The Board of Directors in its meeting held on 09th August 2022, subject to the approval of the Shareholders, and upon the recommendation of Nomination and Remuneration committee , having considered the contribution of Mr. A. Praveen 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 appointed him as Whole-Time Director of the Company with effect from 09th August 2022 for a period of 3 years at a remuneration on of Rs. 4.5 Lakhs p.m. plus 30% performance linked variable pay with liberty to the Board of directors to fix, alter or vary from time to time the terms and conditions of the said appointment including the remuneration in such manner as it may deem fit within the limits in that behalf contained in Schedule V of the said Act including any Statutory modification(s) in force or that may herein after be made thereto and as may be agreed by the Board of Directors and Mr. A. Praveen Reddy in this regard.

The Board of Directors recommends the passing of the above resolution as a Ordinary Resolution as set out in the item no. 5.

None of the other Directors /Key Managerial Personnel and their relatives except Mr. A Praveen Kumar Reddy himself and Mr. Anushman Reddy being his relative are interested in any way interested or concerned financially or otherwise, in the Resolution set out in the notice.

Information in accordance with Schedule V of Companies Act, 2013

I. GENERAL INFORMATION

1. Nature of Industry: Precision engineering

2. Date or expected date of commencement of commercial: The Company started its commercial operations in the year 11.11.1999

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	2019-20 (Rs. in Mn)	2020-21 (Rs. in Mn)	2021-22 (Rs. in Mn)
Turnover	2137.74	2464.32	3220.06
Net profit after Tax	313.18	460.83	608.81

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

II. INFORMATION ABOUT THE APPOINTEE

A. Mr. Anushman Reddy

1. Background Details:

Mr. Anushman Reddy holds bachelor's degree in mechanical engineering from JNTU, MS global supply chain management from Marshall School of Business (University of Southern California), and Executive post graduate diploma from Narsee Moinjee Institute of Management. He has nearly eight years of experience in manufacturing and worked in global organisations including AeroVironment. Within a short span of time in his career Mr. Anushman Reddy has attained a broad spectrum of experience in operations, supply chain and strategy. He currently heads export division in MTAR and is instrumental in growing export defense vertical in the Company.

2. Past Remuneration: Rs. 4.30 Mn FY 2021 - 22 and Rs. 1.18 Mn till 8 th August 22 in capacity of Vice President exports

3. Recognition or awards: Not Applicable

4. Job Profile and his suitability:

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

Mr. Anushman Reddy who holds bachelor's degree in mechanical engineering from JNTU, MS global supply chain management from Marshall School of Business (University of Southern California), and Executive post graduate diploma from Narsee Moinjee Institute of Management with an experience of working in a global MNC and handling operations of MTAR for the past 6 years is an appropriate fit to serve on the board of the Company.

5. Remuneration proposed:

As set out in the resolution for the Item No.4 the remuneration to Mr. Anushman Reddy, Whole-Time Director has the approval of the Nomination and Remuneration Committee and Board of Directors.

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. Anushman 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 2,68,128 Equity Shares of the Company

B. Mr. A PRAVEEN KUMAR REDDY:

1. Background Details: Mr. A Praveen Kumar Reddy, is an engineering graduate from Andhra University, with experience of over 25 years in the Industry, He has been associated with MTAR from 18+ years and has also given immense support in the Operations, Strategies and Management.

2. Past Remuneration: Rs. 0.38 Mn as sitting fee in FY 2021 - 22, Rs. 0.9 Mn as sitting fee YTD FY 2022- 23; Rs. 1.29 Mn as salary & Rs. 0.38 Mn as sitting fee in FY 2020- 21

3. Recognition or awards: Not Applicable

4. Job Profile and his suitability:

The Industry in which MTAR operates demands from the top management a great amount of experience in the field of Aerospace, Nuclear Energy, Satellites and other Defense related activities including Missiles Technology etc., involving various government and non- government agencies both in India and Abroad like ISRO etc. Mr. A Praveen Kumar Reddy, is an engineering graduate from Andhra University, with experience of over 25 years in the Industry, He has been associated with MTAR from 18+ years and has also given immense support in the Operations, Strategies and Management.

5. Remuneration proposed:

As set out in the resolution for the Item No.5 the remuneration to Mr. A Praveen Kumar Reddy, Whole-Time Director has the approval of the Nomination and Remuneration Committee and Board of Directors.

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. A Praveen Kumar 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 not holding any Equity Shares of the Company.

III. OTHER INFORMATION:

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

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.6 To pay Remuneration by way of Commission upto 1% of the Net Profits of the Company a sum of Rs. 90,00,000/- whichever is less to Independent Directors

To ensure good Corporate Governance, in the interest of Investors and other Stakeholders, several changes have been brought in by Regulatory Authorities by making Independent Directors responsible for compliance of good Corporate Governance by the Company. As a result, the responsibilities of the Independent Directors have increased manifold in terms of the provisions of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 etc.

The Company's Independent Directors are leading professionals with high level of expertise and rich experience in functional areas such as business strategy, financial governance, corporate governance, research & innovation amongst others. The Company's Independent Directors have been shaping and steering the long term strategy and making invaluable contributions towards the growth of MTAR, monitoring of risk management and compliances etc.

The Board, therefore, considered that it is necessary to compensate the Independent Directors for their time and efforts for formulating the policies and implementing at the board level in accordance with practices of good Corporate Governance.

Section 197 of the Companies Act, 2013 provides for the payment of the remuneration to the Independent Directors (who are neither Managing Director nor Whole-time Directors) by way of commission on the Net Profits of the Company.

The Board of the Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, in its meeting held on 09th August 2022 proposes to pay remuneration by way of commission or otherwise to the Independent Directors of the Company for a period of 5 years commencing from the financial year 2022-23 an amount not exceeding 1% of the net profits of the Company computed in accordance with the provisions of Section 198 of the Companies Act, 2013 or Rs.15,00,000/- per independent director (aggregating to Rs.90.00 lakhs since the Company has 6 Independent Directors as on date), whichever is lower and the said remuneration is in addition to sitting fees and reimbursement of expenses for attending the meetings of the Board of Directors or Committees thereof and the said remuneration be paid in such amount, proportion and manner as may be decided by the Board of Directors of the Company from time to time.

None of the Other Directors, KMPs of the Company/ their relatives except the Independent Directors are in any way concerned or interested financially or otherwise in the said resolution.

The Board accordingly commends the resolution as set out in the item no. 6 of the Notice for your approval.

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

Sd/
P. Srinivas Reddy
Managing Director
(DIN: 00359139)

Place: Hyderabad
Date: 09-08-2022

ANNEXURE-A: ITEM. 2, 4 & 5 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. P. Srinivas Reddy	Mr. Anushman Reddy	Mr. A Praveen Kumar Reddy
Brief Resume	Mr. P. Srinivas Reddy is the Managing Director of the Company. He 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 management of the Company and its affairs. He holds a bachelor's degree in engineer-ing, specialising in industrial production, from the University of Mysore and a master's degree in science, specialising in industrial engineering from College of Engineering, Louisiana Tech University. He has over 29 years of work experience in manufacturing and construction sectors	As mentioned under item no. 4 of the explanatory statement	As mentioned under item no. 5 of the ex-planatory statement
Expertise in specific functional area	Manufacturing, overall operations and management	Export Operations	Operations & Business Development
Relationships between Directors inter-se	Not Applicable	Mr. Anushman Reddy and Mr. A Praveen Kumar Reddy are related to each other	Mr. Anushman Reddy and Mr. A Praveen Kumar Reddy are related to each other
Names of listed entities in which the person also holds the director-ship and the member-ship of Committees of the board along with listed entities from which the person has resigned in the past three years*	Mr. Reddy is a Non- Executive Director in M/s. Ravileela Granites Limited ("RGL") and is Chairman of the Risk Management Committee of RGL. Mr. Reddy has not resigned from any listed Company in the past three years.	NIL	NIL
Number of shares held in the Company	13,92,903 fully paid-up equity shares of Rs. 10/- each.	2,68,128 fully paid-up equity shares of Rs. 10/- each.	NIL

*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 Circular SEBI/ HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 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) or 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 23rd 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 2021-2022 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 2021-2022 will also be available on the Company's website https://mtar.in/, websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and www.nseindia.com respectively and on the website of R&T Agent of the Company viz. KFin at https://evoting.kfintech.com.

Alternatively, Member may send signed copy of the request letter providing the e-mail address, mobile number, self-attested PAN copy, DP ID (in case of electronic mode shares), folio No (in case of physical mode shares) via e-mail at the Email Id – einward.ris@kfintech.com for obtaining the Annual Report and Notice of e-AGM of the Company electronically.

6. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

7. To avoid fraudulent transaction(s), the identity / signature of the Members holding shares in electronic / demat form is verified with the specimen signatures furnished by NSDL/ CDSL and members holding shares in physical form is verified as per the records of the R&T Agent of the Company. Members are requested to keep the same updated.

8. Pursuant to the provisions of the Act and other applicable Regulations, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on their behalf and the proxy need not be a Member of the Company. However, since this AGM is being held pursuant to the MCA/SEBI Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will also not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to the Notice.

9. Corporate/institutional Members (i.e., other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/ JPG format) of the relevant Board Resolution/ Authority Letter / Power of Attorney etc. together with attested specimen signature of the duly authorised signatory(ies) who is /are authorised to vote, to the Scrutinizer through e-mail at ssrfcs@gmail.com and may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format 'MTAR_EVENT No.'

10. The facility of joining the e-AGM through VC/OAVM will be opened 15 minutes before and will remain open 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

Participants (DPs) where they hold their shares in electronic form. However, if their shares are held in physical form, Members are advised to register their e-mail address with R&T Agent of the Company by clicking on the link https://karisma.kfintech.com 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 September 19, 2022 (9.00 a.m. IST) to September 21, 2022 (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. 3 to 6 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 September 17, 2022 to September 23, 2022 (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. With respect to procedure for making claim from IEPF, please refer to Corporate Governance Report separately annexed and forming part of the Annual Report.

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, September 16, 2022 (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, September 16, 2022 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, September 20th, 2022.

End of remote e-voting: At 5.00 p.m. (IST) on Thursday, September 22nd 2022.

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 23rd AGM of the Company has been segregated into 3 parts which is mentioned as hereunder:

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).

I) 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, September 16, 2022 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.

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

Sl No	NSDL	CDSL
3.	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. IV. Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. 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.	III. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account. IV. After successful authentication, user will be provided links for the respective ESP where the e- Voting is in progress. V. Click on Company name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Individual Shareholders (holding securities in demat/ 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 toll free no.: 1800 1020 990 and 1800 22 44 30	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 22-23058542-43.

(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 September 19th, 2022 (9.00 a.m. IST) up to September 21st, 2022 (5.00 p.m. IST) s. 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 September 19th, 2022 to September 21st, 2022, 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 September 16th, 2022.

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. September 16th, 2022 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:

Physical Holding (If any)	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 16.09.2022 in relation to 23rd AGM. Alternatively, Annual Report, consisted of AGM notice, can also be downloaded from Company website www.mtar.in. For updation of dividend mandate, please send following details to einward.ris@kfintech.com on or before 16.09.2022. a) Name and Branch of the Bank in which you wish to receive the dividend, b) the Bank Account type, c) Bank Account Number allotted by their banks after implementation of Core Banking Solutions, d) 9-digit MICR Code Number, e) 11-digit IFSC Code and f) a scanned copy of the cancelled cheque bearing the name of the first shareholder
Demat Holding	Please contact your Depository Participant (DP) and register your email address and bank account details in your demat account, as per the process advised by your DP.

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

Sd/
P. Srinivas Reddy
Managing Director
(DIN: 00359139)

Place: Hyderabad
Date: 09-08-2022

DIRECTORS REPORT

Dear Members,

Your Directors have pleasure in presenting the 23rd Directors' Report and the Audited Statement of Accounts of the Company for the Financial Year ended 31st March 2022

1. FINANCIAL SUMMARY/HIGHLIGHTS:

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

(Amount in Rs. Mn)

Particulars	Standalone		Consolidated	
	2021-22	2020-21	2021-22	2020-21
Revenue from Operations	3,220.06	2,464.32	3,220.06	2,464.32
Other Income	87.53	13.10	87.53	13.10
Profit/loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	1,031.86	844.02	1,031.79	843.85
Less: Depreciation/ Amortisation/ Impairment	143.10	125.57	143.10	125.57
Profit /loss before Finance Costs, Exceptional items and Tax Expense	888.76	718.45	888.69	718.45
Less: Finance Costs	66.49	70.01	66.49	70.01
Profit /loss before Exceptional items and Tax Expense	822.27	648.44	822.20	648.27
Add/(less): Exceptional items	0	0	0	0
Profit /loss before Tax Expense	822.27	648.44	822.20	648.27
Less: Tax Expense (Current & Deferred)	213.46	187.61	213.46	187.61
Profit /loss for the year (1)	608.81	460.83	608.74	460.66
Total Comprehensive Income/loss (2)	5.82	(6.07)	5.82	(6.07)
Total (1+2)	614.63	454.76	614.56	454.59
Balance of profit /loss for earlier years	1,245.87	871.39	1,245.70	871.39
Less: Transfer to Debenture Redemption Reserve	0	0	0	0
Less: Transfer to Reserves	0	0	0	0
Less: Dividend paid on Equity Shares	184.56	80.28	184.56	80.28
Less: Dividend paid on Preference Shares	0	0	0	0
Less: Dividend Distribution Tax	0	0	0	0
Balance carried forward	1,675.94	1,245.87	1,675.70	1,245.70

2. REVIEW OF OPERATIONS:

Revenues – Standalone

During the year under review, the Company has recorded a total income of Rs. 3,307.59 Mn and net profit of Rs 608.81 Mn as compared to a total income of Rs. 2,477.42 Mn and net profit of Rs. 460.83 Mn achieved in the previous financial year.

Revenues – Consolidated

During the year under review, the Company has recorded a total income of Rs. 3,307.59 Mn and a net profit of Rs 608.74 Mn as compared to total income of Rs. 2,477.42 Mn and net profit of Rs. 460.66 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.

5. RESERVES:

The Closing balance of reserves, including retained earnings, of the Company as at March 31st 2022 is Rs. 4,890.05 in Millions.

6. DIVIDEND

The Company has paid a final dividend of Rs. 3/- per equity share amounting to INR 92.28 Mn for FY 2020-21, which approved by the shareholders in the last AGM held on 30 July 2021. In addition, Board of Directors had declared an Interim Dividend of Rs. 3/- per share amounting to INR 92.28 million for the 9 months ended 31-Dec-2021 and the same was paid.

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

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 five (05) times during the financial year from 1st April 2021 to 31st March 2022. The dates on which the meetings were held are 23.04.2021, 02.06.2021, 06.08.2021, 02.11.2021 and 10.02.2022. All the meetings were conducted through Audio Visual means during the FY 2021-22.

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	Designa-tion	Date
1.	Mr. Gunneswara Rao Pusarla	CFO	08.11.2021

b) Resignations:

S. No	Name of the Director/ KMP	Designa-tion	Date
1.	Mr. Sudipto Bhattacharya	CFO	08.11.2021
2.	Mr. Mathew Cyriac	Nominee Director	10.05.2022

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 databank 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 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 peer-evaluation

All the Directors participated in the evaluation process. The feedback of evaluation was discussed in the Board meeting held in February 2022. 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 and optimize individual strengths of the Directors.

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.

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 in MGT 9 is a part of this Annual Report also disclosed on the website www.mtar.in.

20. BUSINESS RESPONSIBILITY REPORT

As per stipulated under Regulation 34 of the SEBI (LODR), Regulations, 2015, the Business Responsibility Report describing the initiatives taken by the Company from an environmental, social and governance perspective forms part of this Annual Report and is annexed as **Annexure 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, 2022 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 31.03.2022. 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, 2022 on the Compliances according to the provisions of Section 204 of the Companies Act, 2013 and has noted that during the year, the Company was penalized for 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.

Annual Secretarial Compliance Report

The Company has filed the Annual Secretarial Compliance Report for the year 2021-2022 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. The Board noted that during the year, the Company was penalized 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.

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 2022. The relevant cost audit reports for FY2021 were filed within the stipulated timeline and the cost audit report for FY2022 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 23rd 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 2021-22.

22. NO FRAUDS REPORTED BY STATUTORY AUDITORS

During the Financial Year 2021-22, 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 statues, accounting policies, approval procedures and to ensure optimum use of available resources. These systems are reviewed and improved on a regular basis. It has a comprehensive budgetary control system to monitor revenue and expenditure against approved budget on an ongoing basis.

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. Members may refer to note no. 36 to the financial statement which sets out related party disclosures pursuant to IND AS-24.

26. CONSOLIDATED FINANCIAL STATEMENTS:

The Consolidated Financial Statements of your Company for the year ended March 31, 2022 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 Subsidiary Company in Form AOC-1 is appended to this report, which forms part of the Financial Statements. The separate Audited

Financial Statements in respect of the Subsidiary 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 become its subsidiaries, joint ventures or associate Company.

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 2021-22, 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 initiates, the Company also has a specific conservation of energy policy with SOPs to be followed. It is assured that the same are in place and adequate measures are taken to follow the SOPs.

B. Research & Development and Technology Absorption:

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

C. Foreign Exchange Earnings and Out Go:

Foreign Exchange Earnings: INR 1,58,73,62,609
Foreign Exchange Outgo: INR 1,42,08,63,543

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. However, a structured process is now felt necessary in the light of global sustainability risks faced by all businesses in the light of the challenges that have unfolded over the last 15 months. The Company has put in place a Risk management Policy and has constituted a Risk Management Committee of the Board. The details of constitution of the Committee and its terms of reference are set out in the Report on Corporate Governance. The Company has formulated a Risk Management Policy under which various risks associated with the business operations is identified and risk mitigation plans have been put in place.

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 a Corporate Social Responsibility Committee. The composition of Committee is as follows:

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

VI) IPO COMMITTEE AND SHARE ALLOTMENT COMMITTEE

The Company has successfully completed the Initial Public Offering (IPO) and listed its equity shares on the BSE Limited and National Stock Exchange of India Limited on 15th March, 2021.

Accordingly, IPO Committee and Share Allotment Committee were dissolved by the Board of Directors at their meeting held on 24th May 2022.

VII 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 Chairperson of the Audit Committee.

During the year under review, no stakeholder was denied access to the Chairperson 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 2021-2022, your Company has spent Rs.96,50,000/- while the total obligation was Rs. 96,25,532/- (representing 2 % of the average net profit for the past the three financial years, being FY 2019, FY 2020 and FY 2021). Areas of Activities taken by the Company were Education, Child Care Centres, Health Care Centres, Blood Donations and collections.

The excess amount of approximately Rs. 1,61,013/- 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.

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, 2022, 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 has filed with the Registrar of Companies (ROC) requisite returns 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 except one order from the Hon'ble Registrar of Companies, Ministry of Corporate Affairs under section 454 read with section 203(5) of Companies Act, 2013 on 13.07.2021 for compounding of offence for non- appointment of Company Secretary and another Order from Hon'ble Regional Director, South East Region under section 441 of Companies Act, 2013 for violation of Section 68 of the Companies Act, 2013 on 06.07.2021 i.e, non-extinguishment of shares within seven days from the date of buy back.

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 this 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 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 https://mtar.in/investor-relations/corporate-governance/policies-related-documents/

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 upmost 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.

Constitution of Committee:

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

All employees are covered under this policy. During the year 2021-2022, 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 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 of Managing Director (Mr. P Srinivas Reddy), Managing Director of the Company to the median remuneration of the employees is 1:0.02 respectively.

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

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, 2022.

50. SECRETARIAL STANDARDS

The Company is in compliance with the applicable secretarial standards.

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, 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 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. AWARDS AND RECOGNITIONS

1. MTAR Technologies limited received National Level Champion Award from Society of Indian Defence Manufacturers (SIDM) on 28th September 2021

MTAR Technologies Limited, has 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. Ball Screws are the highly complex import substitutes that are used in various mission critical assemblies including nuclear island assemblies, motion control actuation systems in Missiles and Launch Vehicles in Civil Nuclear Power, Space & Defence sectors.

2. NADCAP Certification for our 100% Export Oriented Unit (EOU) & Unit 5 in Telangana, India on 21st September 2021

MTAR Technologies Limited, has received NADCAP certification for its 100% Export Orient Unit (EOU) at SY No 149/P, C.I.E., Gandhinagar, Qutbullapur (M), Balanagar, Hyderabad, Telangana – 500037, India and Unit 5 at 58/C, Phase-1, IDA Jeedimetia Hyderabad, Telangana 500055, India for a period of 12 months, valid until November 2022.

3. Zee Business Stock Award 2021: MTAR Technologies bags 'Debut of The Year' award on 30th December 2021

MTAR Technologies emerged the clear winner under 'Debut of The Year award' category of Zee Stock Award 2021.

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.

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

Place: Hyderabad
Date: 24-05-2022

Sd/
P. Srinivas Reddy
Managing Director
(DIN: 00359139)

ANNEXURE 1

BUSINESS RESPONSIBILITY REPORT

[See Regulation 34(2)(f)]

SECTION A: GENERAL INFORMATION ABOUT THE Company

1. Corporate Identity Number (CIN) of the Company: L72200TG1999PLC032836

2. Name of the Company: MTAR TECHNOLOGIES LIMITED

3. Registered address: 18, Technocrats Industrial Estate, Balanagar, Hyderabad, Telangana-500037

4. Website: www.mtar.in

5. E-mail id: info@mtar.in

6. Financial Year reported: 2021-2022

7. Sector(s) that the Company is engaged in (industrial activity code-wise): NIC Code- 30305

8. List three key products/services that the Company manufactures/provides (as in balance sheet):
The Company offers products and customized precision engineering solutions and caters to customers in strategic sectors including Civil Nuclear Power, Space, Defense and Clean energy. The Company is a one stop solution for all manufacturing processes such as advanced machining, specialized fabrication, assembly and testing, surface treatment and special processes. The following are key products/services provided by the Company

i.) Precision and high-performance systems and assemblies with applications in propulsion, energy conversion, sensing and controlling mechanisms
ii.) Precision Engineered components
iii.) High capability Manufacturing services like surface treatment, heat treatment, fabrication etc.

9. Total number of locations where business activity is undertaken by the Company

(a) Number of International Locations (Provide details of major 5) – None
(b) Number of National Locations:

S. No	Name of the Unit	Address
1	Unit- 1	18, Technocrats Industrial Estate, Balanagar, Hyderabad- 500037 Telangana
2	Unit- 2	Survey No. 149/P, IDA, Jagadgirigutta Road, Gandhinagar, Hyderabad–500037, Telangana
3	Unit – 3	Plot No. 97 & 100A, Co-operative Industrial Estate, (E.P), Gandhinagar, Hyderabad – 500037, Telangana.
4	Unit- 4	B-34, EEIE, Balanagar Township, Hy-derabad – 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

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

SECTION B: FINANCIAL DETAILS OF THE Company

1. Paid up Capital (INR)- Rs. 30,75,95,910/- divided into 3,07,59,591 equity shares of Rs.10/- each.

2. Total Turnover (INR) – Rs. 3220.06 Mn

3. Total profit after taxes (INR)- Rs. 608.81 Mn

4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) – Around 2% has been spent in respect of FY 19, FY 20 and FY 21. We will deploy around 2% of the Net Profit for FY 2021-22 also in CSR activities.

5. List of activities in which expenditure in 4 above has been incurred:-

(a). Education
(b). Healthcare and Society Welfare

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies? : **Yes**

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s): **No. The subsidiary Company is not yet operational.**

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] : **No**

SECTION D: BR INFORMATION:

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

1. DIN Number : 0359139
2. Name : P. Srinivas Reddy
3. Designation : Managing Director

(b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	0359139
2	Name	P. Srinivas Reddy
3	Designation	Managing Director
4	Telephone number	040- 44553333
5	e-mail id	srinivas@mtar.in

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

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

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

No	Questions	P1 Ethics	P2 Product Lifecycle sustaiability	P3 Employee Wellbeing	P4 Stakeholder Engagement	P5 Human Rights	P6 Environment	P7 Policy Advocacy	P8 Equitable Develop-ment	P9 Customer Value
6	Indicate the link for the policy to be viewed online?	www.mtar.in	www.mtar.in	www.mtar.in	www.mtar.in	www.mtar.in	www.mtar.in	Not applicable	www.mtar.in	www.mtar.in
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. All the policies are uploaded on website	Yes. All the policies are uploaded on website	Yes. All the policies are uploaded on website	Yes. All the policies are uploaded on website	Yes. All the policies are uploaded on website	Yes. All the policies are uploaded on website	No	Yes. All the policies are uploaded on website	Yes. All the policies are uploaded on website
8	Does the Company have in-house Structure to implement the policy/ policies	Yes	Yes	Yes	Yes	Yes	Yes	Not Applicable	Yes	Yes
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ poli-cies?	Yes	Yes. The Co. has a dedicated officer i.e, Company Secretary and Compliance Officer	Yes	Yes. The Co. has a dedicated officer i.e, Company Secretary and Compliance Officer	Yes	Yes	Not Applicable	Yes	Yes. The Co. has a dedicated officer i.e, Company Secretary and Compliance Officer
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	No	No	No	No	No	No	Not Applicable	No	No

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

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

1. Governance related to BR:

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company: **Annually**

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?: **The BR report forms part of the Annual Report of the Company which is published annually and it can be viewed on www.mtar.in**

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 – Ethics, Transparency & Accountability

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

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

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

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

Principle 2 – Product Lifecycle Sustainability

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

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

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

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

Electrolysers:

The Company supplies stationary electrolysers that generate green hydrogen through the electrolysis of steam. Green hydrogen could be used in fuel cells to generate electricity; the process generates zero emissions. We have optimized the manufacturing process and increased the local content in the product, which lead to reduction in transportation, thus reducing carbon foot print

SOFC and Hydrogen units for Fuel cell applications

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

Hydrogen boxes use hydrogen to generate power that contribute to further reductions in emissions as compared to SOFC units.

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

In addition, during the manufacturing of SOFC and hydrogen units we are recruiting apprentices from local colleges and training them on various manufacturing technologies, and absorbing some of them post the training, thereby contributing to the development of local skilled talent during our product lifecycle

Water Lubricated Bearings & Ball Screws

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

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

Indigenisation of Water Lubricated Bearings and Ball Screws has resulted in import substitution and reduction of foreign dependency. The Company has also pioneered the development of roller screws in the country.

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

Not applicable

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

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

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

Assisting vendors to get qualified:

We assist our vendors to get qualified as per stringent quality norms of the customers. Our supply chain teams regularly visit vendors to audit and train them in the manufacturing processes, quality related issues as well as sustainable manufacturing practices .

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

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

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

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

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

Principle 3 – Employee Wellbeing

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

1. Please indicate the Total number of employees: (including permanent and fixed term contractors on MTAR rolls) - 1218

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: 522 (third party contractors)

3. Please indicate the Number of permanent women employees: 13

4. Please indicate the Number of permanent employees with disabilities: Nil

5. Do you have an employee association that is recognized by management: Yes. We have a Workers Union, duly recognized by the Management.

6. What percentage of your permanent employees is members of this recognized employee association: 54%

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. NIL

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

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

(a) Permanent Employees : **60 %**
(b) Permanent Women Employees : **100%**
(c) Casual/Temporary/Contractual Employees : **80%**
(d) Employees with Disabilities : **NA**

Principle 4 – Stakeholder Engagement

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

Yes, we have mapped our internal and external stakeholders.

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

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

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

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

Key Stakeholders	Engagement Platforms
Employees Employees are the key drivers of growth in our organisation and we believe that our employees an inclusive, and empowering workplace, with freedom to innovate and grow not just as professionals but as individuals also.	MD/CEO communications, Communication and Training Sessions with Unit Heads, Training Programs, employee-centric initiatives like health insurance, accident insurance, COVID vaccination etc. The Company has planned to take up more employee welfare initiatives in FY 2022-23.
Investors We understand that our investors and shareholders are not only investing financial capital but also their trust in us. Accordingly, adding investor / shareholder value is one of our key objectives.	Earnings calls, Annual reports, E mail Communications, Group conferences and one-on-one interactions with investors, corporate announcements, official news releases and presentations.
Society Communities, especially the economically weaker sections of society, the sick and ailing, young disadvantaged students etc.	MTAR is actively involved in initiatives like childcare, education and health through our partners like St. Jude Children Cancer hospital, Ekam Foundation, IIM Visakhapatnam Foundation for Incubation, Entrepreneurial Learning and Development. In addition, we recruit apprentices from college and train them on various manufacturing technologies and we carry out relationship building programs through colleges

Key Stakeholders	Engagement Platforms
Customer and Partners	
Customers, suppliers and vendors who support various aspects of our business	Customers: Regular Business Meetings, Joint Quality inspections, Audits Suppliers and Vendors: Vendor and supplier in-person meets, Technical assistance, Process Audits, strategic business partner training and development

Principle 5 – Employee Wellbeing

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

The policy on human rights covers all stakeholders

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

We have not received any major stakeholder complaints in FY 2021-22 except for a few, which were resolved

Principle 6 – Environment

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

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

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

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

Products

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

Processes and Systems

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

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

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

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

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

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

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

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

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

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

We do not have any outstanding notices from CPCB / SPCB as on end of financial year FY 2021-22.

Principle 7 – Policy Advocacy

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

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

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

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

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

Principle 8 – Equitable Development

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

The Company strives to contribute towards Equitable Development through various partnering organisations and NGOs already active in the field. We are focusing on social development programmes and inclusive growth. We are primarily involved in the fields of healthcare, child welfare and education. Some of our key programs towards equitable development are listed below

Child Welfare

We strongly believe that children are a nation's assets and the nation's future depends upon them. Hence, we have chosen child welfare as a key element of our corporate social responsibility strategy and have partnered with St. Jude India Childcare Centre, an NGO that works to save lives of children suffering from chronic illnesses such as Cancer. We have contributed Rs. 1.2 Mn in FY 2021-22 to St. Jude India Childcare Centre.

Education

We believe in nurturing today's young talent to build tomorrow's nation and have partnered with Ekam foundation and contributed Rs. 2.5 Mn in FY 2021-22 for enabling underprivileged children to access good quality education in institution and schools that provide value based education. Furthermore the Company's has also contributed Rs. 4.0 Mn for development of young entrepreneurs through IIM Visakhapatnam Foundation for Incubation, Entrepreneurial Learning and Development. We are also involved in Skill Development initiatives through regular recruitment of apprentices and training them on various manufacturing technologies.

Health

A health society contributes to the productivity of the businesses and the Nation. Hence, we have partnered with Ekam foundation for providing medical aid to less privileged children in need of life saving medical interventions; in this regard, we have contributed Rs.2.0 Mn.

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

Our initiatives are currently driven through our NGO partner organisations such as St Jude India Childcare Centre, Ekam Foundation and IIM Visakhapatnam Foundation. Skill development of Apprentices at our Export Oriented Unit is our internal initiative.

3. Have you done any impact assessment of your initiative ?

We have started community development initiatives through our partner organizations since the past couple of years, hence it is too early to have a meaningful impact assessment right now. However, an impact assessment is planned as our initiatives reach further maturity.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

Our Company's direct contribution to community development is Rs.9.6 Mn for the last FY 2021-22. We spent Rs.4.0 Mn towards entrepreneurial development, Rs.11.5 Mn towards childcare, Rs.2.0 Mn towards health and Rs.2.5 Mn towards education. Please refer to CSR report for details of our contribution and partner organisations.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Our experienced partner organizations have dedicated teams as well as volunteers to ensure the outreach of our initiatives to the target segment. As such in the chosen segments of our initiatives, in most cases the beneficiaries are badly in need of the support extended. Hence, the possibility of rejection of the same by the community or beneficiary is significantly limited. At the same time, we regularly interact with our partner organisations to track the progress and status of the various initiatives.

Principle 9 – Customer Value

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

We don't have any pending consumer complaints towards the end of FY 2021-22.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

Not Applicable.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and /or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No. There are no cases filed against the Company

4. Did your Company carry out any consumer survey / consumer satisfaction trends? –

Owing to our very niche products and limited customer base, there are on-going customer interactions as well as joint inspections during the process of manufacture of each of our products. The entire cycle right from raw material sourcing to final acceptance of finished product by the customer involves a series of interaction, feedback as well as customer approval at every stage. In addition, our business heads routinely interact with customers and receive feedback from them on a regular basis. We have received various letters of appreciation, citations and awards from our customers.

ANNEXURE 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, 2022

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, 2021 and ended 31st March, 2022 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, 2022 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 2021-22

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 Debt Securities) Regulations, 2008/ 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 debt securities or 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, 2009/2021; **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 except for one instance where the Company did not give prior intimation for declaration of interim dividend for period ended 31-Dec-2021.

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 5 meetings of the Board of Directors, 5 Meetings of Audit Committee meeting, 3 Meetings Nomination and Remuneration Committee, 2 Meetings of Risk Management Committee, 2 Meetings of Stakeholder relationship Committee, 2 Meetings 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 was appointed as the Chief Financial Officer of the Company w.e.f. 08.11.2021. 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: A012611D000379527
Peer Review Cer. No.: 1450/2021

Place: Hyderabad
Date: 24.05.2022

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 followed provide a reasonable basis for our opinion.

3. We have relied on the reports given by the concerned professionals in verifying the correctness and appropriateness of financial records and books of accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rule 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: A012611D000379527
Peer Review Cer. No.: 1450/2021

Place: Hyderabad
Date: 24.05.2022

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 val- ue, 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. Pranay Kumar Reddy	Remuneration	Not Defined	A per Contarcts and agreements	NA
3	Shubham Sunil Bagadia	Remuneration	Not Defined	As approved by the Board of Directors	20.10.2020
4	Sudipto Bhattacharya	Remuneration	Not Defined	As approved by the Board of Directors	14.08.2020
5	Gunneswara Rao Pusarla	Remuneration	Not Defined	As approved by the Board of Directors	08.11.2021
5	Venkatasatish kumar Reddy Gangapatnam	Sitting fees	Not Defined	As approved by the Board of Directors	02.11.2020
6	A. Praveen Kumar Reddy	Sitting fees	Not Defined	As approved by the Board of Directors	14.12.2020
7	Mathew Cyriac	Sitting fees	Not Defined	As approved by the Board of Directors	02.11.2020
8	Nagarajan Vedachalam	Sitting fees	3 yrs from 05-12-2020 to 04-12-2023	As approved by the Board of Directors	05.12.2020
9	B V R Subbu	Sitting fees	3 yrs from 05-12-2020 to 04-12-2023	As approved by the Board of Directors	05.12.2020
10	A. Krishna Kumar	Sitting fees	3 yrs from 05-12-2020 to 04-12-2023	As approved by the Board of Directors	05.12.2020
11	Ameeta Chatterjee	Sitting fees	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:
12	U C Muktibodh	Sitting fees	3 yrs from 05-12-2020 to 04-12-2023	As approved by the Board of Directors	05.12.2020
13	V.G. Sekaran	Sitting fees	3 yrs from 05-12-2020 to 04-12-2023	As approved by the Board of Directors	05.12.2020
14	Magnatar Aero Systems Private Limited	Reimbursable Expenditure incurred on behalf of Magnatar	NA	As per Contarcts and agreements	NA

For and on behalf of the Board of
MTAR Technologies Limited

Place: Hyderabad
Date: 24.05.2022

Subbu Venkata Rama Behara
Chairman
(DIN: 00289721)

P. Srinivas Reddy
Managing Director
(DIN: 00359139)

Annexure IV

Report on CSR Activities

[Pursuant to section 135 of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief Outline of Company's CSR Policy, including overview of projects or programmes undertaken/ proposed to be undertaken:

The CSR Policy adopted by the Board consists of activities as specified in Schedule VII of Companies Act, 2013.

2. Composition of CSR Committee:

The details of the composition of the committee are given below

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. V.G. Sekaran	Member, Independent Director	2	2
2.	Mr. U.C. Muktibodh	Member, Independent Director	2	1
3.	Mr. G.V. Satish Kumar Reddy	Chairman, Non-Executive Director	2	2

3. web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company: www.mtar.in.

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable since the Company's average CSR obligation is less than Rupees Ten Crores in the three immediately preceding financial years.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1	2020-2021	1,36,545	-

6. Average net profits of the Company for last three financial years as per section 135(5)

The average net profit of the Company for the last three financial years as per Section 135 of the Companies Act, 2013 was Rs. 48,12,76,587/-

7. CSR Obligation for FY 2021 - 22

Sl. No.	Particulars	**Amount in Rs.**
(a)	Two percent of average net profit of the Company as per section 135(5)	96,25,532
(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	0
(c)	Amount required to be set off for the financial year, if any	1,36,545
(d)	Total CSR obligation for the financial year (7a+7b-7c).	94,88,987

8(a) 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.
96,50,000	NIL	NA	NA	NA	NA

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Proj-ect.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Project dura-tion.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Imple-men-tation - Direct (Yes/ No).	Mode of Implementa-tion - Through Implementing Agency	
				State	District						Name	CSR Regis-tration Num-ber
-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-	-	-

(c) Details of CSR amount spent against other than ongoing projects for the financial year

(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 Registration Number
1	Ekam Education Fund of Ekam Foundation.	Promoting Education	No	Mumbai, Maharashtra		25,00,000	Yes	NA	NA
2	Ekam Foundation	Promoting health care including preventive health care	No	Mumbai, Maha-rashtra		20,00,000	Yes	NA	NA

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

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 Registration Number
3	IIMV Foundation for Incubation, Entrepreneurial Learning and Development	Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine	No	Vishakapatnam Andhra Pradesh		40,00,000	Yes	NA	NA
4	St.Jude India ChildCare Centres	Promoting health care including preventive health care	Yes	Hyderabad, Telangana		11,50,000	Yes	NA	NA

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: NA

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : Rs.96,50,000

(g) 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 section 135(5)	96,25,532
(ii)	Total amount spent for the Financial Year	96,50,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	24,468
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	24,468

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting 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.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1.	NA	0	0	0	0	0	0
	Total	0	0	0	0	0	0

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

(ASSET-WISE DETAILS)

S. No.	Particulars	Details
(a)	Date of creation or acquisition of the capital asset(s).	NA
(b)	Amount of CSR spent for creation or acquisition of capital asset.	NA
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	NA
(d)	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	NA

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5).

Sd/-

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 38 to page no 52)**

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.

2.BOARD DIVERSITY:

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us, retain our competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors. The Board Diversity Policy is available on our website, https://mtar.in/.

3. COMPOSITION OF THE BOARD:

The composition of the Board of Directors of the Company is an appropriate combination of executive and non-executive Directors with right element of independence.

As on date, the Company's Board comprised of 9 (nine) Directors, one Managing Director (promoter), 1(one) Non-Executive Director (Promoter) and 1 (one) Non-Executive Director (Promoter) and 1 (one) non-executive director. In addition, there are 6 (six) independent Directors including one woman director on the Board. In terms of clause 17(1) (b) of SEBI (LODR) Regulations, 2015, the Company is required to have one half of total Directors as independent non-executive directors. In addition, there are 6 (six) independent Directors including one woman director on the Board. In terms of clause 17(1) (b) of SEBI (LODR) Directors. The non-executive Directors are appointed or re-appointed based on the recommendation of the Nomination & Remuneration Committee which considers their overall experience, expertise and industry knowledge. One third of the non-executive Directors other than independent Directors, are liable to retire by rotation every year and are eligible for reappointment, subject to approval by the shareholders.

4. ATTENDANCE AND DIRECTORSHIPS HELD:

As mandated by the SEBI (LODR) Regulations, 2015, none of the Directors are members of more than ten Board-level committees nor are they chairman of more than five committees in which they are members. Further all the Directors have confirmed that they do not serve as an independent director in more than seven listed companies or where they are Whole-Time directors in any listed Company, they do not serve as independent director in more than three listed companies.

The names and categories of the Directors on the Board, their attendance at Board meeting during the year and at last Annual General Meeting, as also the number of Directorships and Committee memberships held by them in other companies are shown in **Table 1.**

a) No. of Meetings of the board of directors held and dates on which held:

Date of the Board Meetings: The Board of Directors duly met five (05) times during the financial year from 1st April 2021 to 31st March 2022. The dates on which the meetings were held are 23.04.2021, 02.06.2021, 06.08.2021, 02.11.2021 and 10.02.2022. All the meetings were conducted through Audio Visual means during the FY 2021-22.

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 Director ships held in Public Companies*	No. of Committee Membership in Companies@	No. of other Committee Chairmanships
Mr. B.V.R Subbu	NA	NED & ID	05	05	Yes	03	02	02
Mr. A. Krishna Kumar	NA	NED &ID	05	05	Yes	03	03	01
Mr. V.G. Sekaran	NA	NED & ID	05	05	Yes	01	Nil	Nil
Mrs. Ameeta Chatterjee	NA	NED & ID	05	05	Yes	07	04	03
Mr. U.C Muktibodh	NA	NED & ID	05	04	Yes	01	Nil	Nil
Mr. V. Nagarajan	NA	NED & ID	05	05	Yes	01	01	Nil
Mr. P. Srinivas Reddy	NA	Promoter & ED	05	05	Yes	02	Nil	Nil
Mr. Mathew Cyriac#	NA	NED & Nominee Director	05	05	Yes	03	02	03
Mr. G.V Satish Kumar Reddy	NA	NED & Non – ID	05	05	Yes	01	Nil	01
Mr. A. Praveen Kumar Reddy	NA	NED & Non – ID	05	05	Yes	01	Nil	Nil

#Resigned w.e.f. 10.05.2022
*including directorship in MTAR Technologies Limited.
@ includes only Audit Committee & Stakeholders Relationship Committee in all public limited companies including MTAR Technologies Limited.

NED – Non-Executive Director
ED - Executive Director
ID – Independent Non-Executive Director

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
*Mr. Mathew Cyriac	Gokaldas Exports Limited	Non-Executive & Non- Independent Director
	Jyoti Structures Limited	Non-Executive & Non- Independent Director
	Data Patterns (India) Limited	Executive- Nominee 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	--	-

*Resigned w.e.f. 10.05.2022

b) 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

c) 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. V. Nagarajan	Specialisation in Mechanical Engineering, Holds rich experience in space research and an incredible contribution to ISRO in various senior capacities.
7	Mr. P. Srinivas Reddy	Engineering, Specialisation in Industrial Production and Engineering, General Management, Operations and Corporate Strategy
8	Mr. G.V Satish Kumar Reddy	Specialisation in Mechanical and Industrial Engineering, Management, Technology, Operations
9	Mr. A. Praveen Kumar Reddy	Engineering, Specialisation in Electronics and Communication, Manufacturing and Production.

5. 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.

6. 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 2021-22, there has been no change in the independent directors of the Company.

7. 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.

8. 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.

During the year under review, no Independent Director has resigned before expiry of his tenure.

9. 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.

10. 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 2021-22 on February 10, 2022, 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 10th, 2022, 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, brining 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, 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.

11. 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:

Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.

i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

ii. Recommending the appointment, remuneration and terms of appointment, fixation of audit fee and approval for payment for any other services;

iii. Reviewing the utilization of loans and/ or advances from/investment by the holding Company in the subsidiary exceeding Rs. 100 Crores 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.

Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

iv. Review with the management, the annual financial statements and Auditor's Report before submission to the Board with particular reference to;

(a) Matters required to be included in the directors' responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Act;

(b) Changes, if any, in accounting policies and practices and reasons for the same;

(c) Major accounting entries involving estimates based on the exercise of judgment by management;

(d) Significant adjustments made in the financial statements arising out of audit findings;

(e) Compliance with listing and other legal requirements relating to financial statements;

(f) Disclosure of any related party transactions;

(g) Modified opinion(s) in the draft audit report;

v. Review of the quarterly financial statements with the management before submission to the board for approval;

vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

vii. Review and monitor statutory auditor's independence and performance and effectiveness of audit process;

viii. Approval or any subsequent modification of transactions with related parties;

ix. Scrutiny of inter-corporate loans and investments;

x. Review of valuation of undertakings or assets of the Company wherever it is necessary;

xi. Evaluation of internal financial controls and risk management systems;

xii. Review with the management, statutory auditors and the internal auditors about the nature and scope of audits and of the adequacy of internal control systems;

xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;

xiv. discussion with internal auditors of any significant findings and follow up there on;

xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

xvi. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

xvii. Look into the reasons for any substantial defaults in payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividend) and creditors, if any;

xviii. Review the functioning of the whistle blower mechanism;

xix. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate

xx. Review of the following information:

(a) Management discussion and analysis of financial condition and results of operations;

(b) Management letters / letters of internal control weaknesses issued by the statutory auditors;

(c) Internal audit reports relating to internal control weaknesses;

(d) The appointment, removal and terms of remuneration of the Chief Internal Auditor;

(e) Statement of deviations:

• Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.

• Annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus in terms of Regulation 32(7) of the Listing Regulations.

xxi. Carrying out any other function as may be referred to the Committee by the Board.

xxii. Authority to review / investigate into any matter covered by Section 177 of the Companies Act, 2013 and matters specified in Part C of Schedule II of the Listing Regulations.

B. Internal Audit

The Company has adequate internal control and Internal Audit system commensurate with its size and nature of its business. The Internal Audit Plan is approved by the Audit Committee and the Internal Auditors directly present their report to the Audit Committee for their consideration.

C. Composition, Meetings & Attendance

There were Five (5) Audit Committee Meetings held during the year on 22.04.2021, 02.06.2021, 06.08.2021, 02.11.2021 and 10.02.2022.

Name	Designation	Category	No of Meetings held	No of Meetings attended
Mr. A. Krishna Kumar	Chairperson	Non-Executive Independent Director	05	05
Mrs. Ameeta Chatterjee	Member	Non-Executive Independent Director	05	05
*Mr. Mathew Cyriac	Member	Non-Executive Director & Nominee Director	05	05
**Mr. BVR Subbu	Member	Non-Executive Independent Director	--	--

*Resigned w.e.f. 10.05.2022

**Appointed as member w.e.f. 10.05.2022

12. NOMINATION AND REMUNERATION COMMITTEE:

A. Brief description of terms of reference:

To approve the fixation/revision of remuneration of Executive Directors of the Company and while approving:

a. To take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.

b. To bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.

c. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and /or removal.

d. To carry out evaluation of every Director's performance.

e. To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.

f. 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:

i. use the services of an external agencies, if required;
ii. consider candidates from a wide range of backgrounds, having due regard to diversity; and
iii. consider the time commitments of the candidates.

g. To formulate the criteria for evaluation of Independent Directors and the Board

h. To recommend/review remuneration of the Managing Director and Whole-time Director(s) based on their performance and defined assessment criteria.

i. devising a policy on diversity of board of directors;

j. 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.

k. 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 (3) Nomination and Remuneration Committee Meetings held during the year on 22.04.2021, 29.10.2021 and 09.02.2022

Name	Designation	Category	No of Meetings held	No of Meetings attended
Mrs. Ameeta Chatterjee	Chairperson	Non-Executive Independent Director	03	03
Mr. B.V.R Subbu	Member	Non-Executive Independent Director	03	03
*Mr. Mathew Cyriac	Member	Non-Executive and Nominee Director	03	03
**Mr. A. Krishna Kumar	Member	Non-Executive Independent Director	--	--

*Resigned w.e.f. 10.05.2022
**Appointed as member w.e.f. 10.05.2022

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.

13. 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 Reg. 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2.3 "Independent Director" means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3. Policy:

1.The Nomination and Remuneration Committee (NR), 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.

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

2.1 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.

4. Criteria of independence

4.1 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.

4.2 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.

4.3 The independent Director shall abide by the “code for independent Directors “as specified in Schedule IV to the companies Act, 2013.

5. Other directorships/ committee memberships

5.1 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.

5.2 Director shall not serve as director in more than 20 companies of which not more than 10 shall be public limited companies.

5.3 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.

5.4 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.

14. STAKEHOLDER’S RELATIONSHIP COMMITTEE:

A. Brief description of terms of reference:

The Committee’s role includes:

i. Resolving the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc;

ii. Review of measures taken for effective exercise of voting rights by shareholders;

iii. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;

iv. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company;

v. Such other matter as may be specified by the Board from time to time.

vi. Authority to review / investigate into any matter covered by Section 178 of the Companies Act, 2013 and matters specified in Part D of Schedule II of the Listing Regulations.

B. Composition of the committee, meetings and attendance during the year:

There were Two (2) Stakeholders Relationship Committee Meetings held during the year on 02.06.2021 and 04.02.2022.

Name	Designation	Category	No of Meetings held	No of Meet-ings attend-ed
Mr. G.V Satish Kumar Reddy	Chairperson	Non-Execu-tive Director	02	02
Mr. V. Nagarajan	Member	Non-Ex-ecutive Independent Director	02	02
Mr. A. Krishna Kumar	Member	Non-Ex-ecutive Independent Director	02	02

C. Details of complaints/requests received, Resolved and pending during the year 2021-22:

Opening balance	Received during the year	Resolved during the year	Closing balance
06	687	693	00

D. Name and designation of compliance Officer:

Mr. Shubham Sunil Bagadia, Company Secretary is the Compliance Officer of the Company.

15. 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:

There were Two (2) Corporate Social Responsibility Committee Meetings held during the year on 05.08.2021 and 04.02.2022.

Name	Designation	Category	No of Meetings held	No of Meetings attended
Mr. G.V Satish Kumar Reddy	Chairperson	Non-Executive Director	02	02
Mr. U C Muktibodh	Member	Non-Executive Independent Director	02	01
Mr. V G Sekaran	Member	Non-Executive Independent Director	02	02

16. 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 07.02.2022 and 31.03.2022.

Name	Designation	Category	No of Meetings held	No of Meetings attended
Mr. B.V. R Subbu	Chairman	Independent	02	02
Mr. Nagarajan Vedachalam	Member	Independent	02	02
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	01

17. PECUNIARY RELATIONSHIP OR TRANSACTIONS OF THE NON-EXECUTIVE DIRECTORS VIS-À-VIS THE LISTED Company:

None of the Non-Executive Directors except Mr. G.V Satish Kumar Reddy and Mr. A. Praveen Kumar Reddy had any pecuniary relationship or transaction with the Company other than the Directors sitting fees.

A. CRITERIA FOR MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS:

Policy:

1. Remuneration to Executive Director and key managerial personnel

1.1 The Board on the recommendation of the Nomination and Remuneration (NR) committee shall review and approve the remuneration payable to the Executive Director of the Company within the overall limit approved by the shareholders.

1.2 The Board on the recommendation of the NR committee shall also review and approve the remuneration payable to the key managerial personnel of the Company.

1.3 The remuneration structure to the Executive Director and key managerial personnel shall include the following components:

(i) Basic pay
(ii) Perquisites and Allowances
(iii) Stock Options
(iv) Commission (Applicable in case of Executive Directors)
(v) Retrial benefits

1.4 The Annual plan and Objectives for Executive committee shall be reviewed by the NR committee and Annual performance Bonus will be approved by the committee based on the achievement against the Annual plan and Objectives.

2. Remuneration to Non – Executive Directors

2.1 The Board, on the recommendation of the NR Committee, shall review and approve the remuneration payable to the Non – Executive Directors of the Company within the overall limits approved by the shareholders.

2.2 Non – Executive Directors shall be entitled to sitting fees attending the meetings of the Board and the Committees thereof. The Non- Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.

3. Remuneration to other employees

3.1. Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

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.

B. REMUNERATION PAID TO DIRECTORS DURING FY 2021- 22 AND OTHER DISCLOSURES

(Amount in Rs. Mn)

Name of the Director	Salary (Rs)	Sitting Fees (Rs)	Number of Equity shares held	Service Contracts	Stock Option Details	Fixed Component	Performance Based Incentive
Mr. B.V.R Subbu	-	0.615	-	-	-	-	-
Mr. A. Krishna Kumar	-	0.775	-	-	-	-	-
Mr. V.G. Sekaran	-	0.575	-	-	-	-	-
Mrs. Ameeta Chatterjee	-	0.735	-	-	-	-	-
Mr. U.C Muktibodh	-	0.460	-	-	-	-	-
Mr. V. Nagarajan	-	0.575	-	-	-	-	-
Mr. P. Srinivas Reddy	14.40	-	13,92,903	-	-	-	9.60
Mr. Mathew Cyriac	-	0.695	-	-	-	-	-
Mr. G.V Satish Kumar Reddy	-	0.535	-	-	-	-	-
Mr. A. Praveen Kumar Reddy	-	0.375	-	-	-	-	-

18. 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 31.03.2022, 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 except Mrs. Ameeta Chatterjee 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)

19. 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
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
2018-19	09.08.2019	02:00 PM	18, Technocrats Industrial Estate, Balanagar, Hyderabad-500037	No

B. Passing of resolutions by postal ballot

There were no resolutions passed by the Company through Postal Ballot during the financial year 2021-22.

C. Suspension from trading: There was no suspension from trading in equity shares of the Company during the year 2021-22.

20. MEANS OF COMMUNICATION

The Company regularly intimates its financial results, audited/limited reviewed, to the Stock Exchanges, as soon as the same are taken on record/approved.

In terms of the requirements of SEBI (Listing Obligations & Disclosures Requirements), the un-audited financial results as well as audited financial results, shareholding pattern of the Company and Corporate Governance Report are electronically submitted, unless there are technical difficulties and are displayed through Corporate Filing and Dissemination System viz., on www.bseindia.com and www.nseindia.com. The un-audited financial results as well as audited financial results, shareholding pattern of the Company and Report on Corporate Governance are displayed on www.bseindia.com and www.nseindia.com.

All important information and official press releases are displayed on the website for the benefit of the public at large. Analysts 'Reports/ Research Report, if any, are also uploaded on the website of the Company. The Company's website can be accessed at www.mtar.in

21. GENERAL SHAREHOLDER INFORMATION:

A. ANNUAL GENERAL MEETING:

The 23rd Annual General Meeting of the Company will be held as per the following schedule:

Day Friday
Date September 23, 2022
Time 03.00 P.M
Venue Through Video Conferencing / other audio video means

B. FINANCIAL YEAR AND FINANCIAL YEAR CALENDAR 2022-23 (TENTATIVE SCHEDULE)

The financial calendar (tentative) shall be as under:

Financial Year	2022-23
First Quarterly Results	On or before 14.08.2022
Second Quarterly Results	On or before 14.11.2022
Third Quarterly Results	On or before 14.02.2023
Fourth Quarterly Results	On or before 30.05.2023
Annual General Meeting for year ending March 31, 2023	On or before 30.09.2023

C. DIVIDEND PAYMENT DATE: Interim Dividend of Rs.3/- per share was paid for the 9 months ended 31 Dec 2021

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)

E. LISTING FEES:

The Company has paid the listing fees for the year 2022-2023 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-21	1,031.00	1,070.00	915.00	933.70	4,62,904
May-21	920.00	1,035.00	888.00	985.20	3,51,155
Jun-21	994.30	1,206.00	953.50	1,127.10	5,67,405
Jul-21	1,131.05	1,562.00	1,131.05	1,438.85	10,62,225
Aug-21	1,452.00	1,495.40	1,159.05	1,266.60	10,19,290
Sep-21	1,266.60	1,479.40	1,245.00	1,464.95	3,33,272
Oct-21	1,452.10	1,809.00	1,452.10	1,618.35	6,86,721
Nov-21	1,599.10	2,390.35	1,599.10	2,102.55	5,70,468
Dec-21	2,149.00	2,529.95	2,029.50	2,464.45	3,95,495
Jan-22	2,475.10	2,555.65	1,943.00	2,165.15	2,08,358
Feb-22	2,214.35	2,340.00	1,610.00	1,809.05	2,23,967
Mar-22	1,805.00	2,160.95	1,701.50	1,748.30	36,43,340

Perfomance compared to BSE Sensex

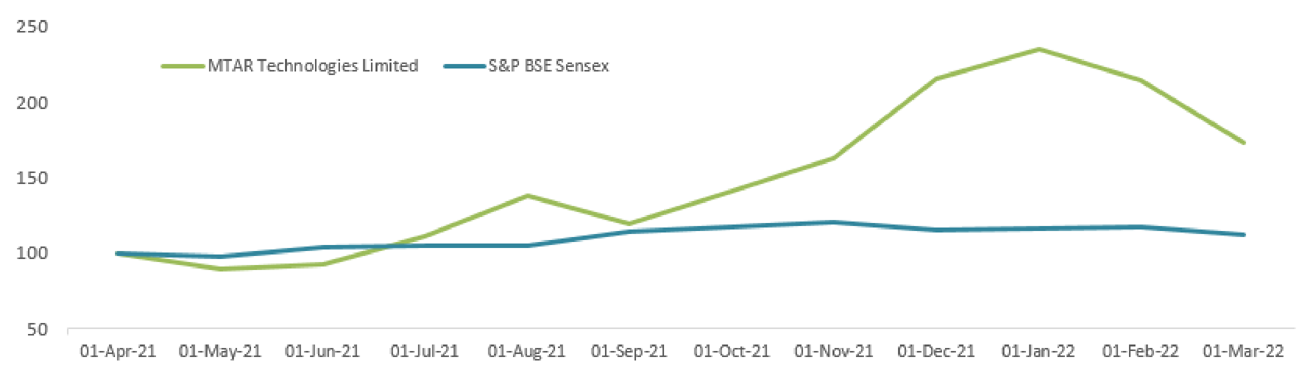

Chart indexed to 100

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-21	1,049.50	1,070.00	914.15	933.55	38.25
May-21	928.00	1,034.70	887.95	985.40	24.88
Jun-21	992.75	1027.00	953.25	1127.20	60.23
Jul-21	1136.80	1563.95	1134.00	1443.15	141.24
Aug-21	1460.35	1495.00	1158.00	1267.30	44.70
Sep-21	1279.00	1479.00	1243.60	1461.65	39.99
Oct-21	1460.00	1810.00	1452.00	1617.90	67.59
Nov-21	1622.10	2391.00	1599.95	2111.05	66.63
Dec-21	2125.00	2530.00	2030.00	2463.05	45.50
Jan-22	2488.00	2563.30	1940.00	2163.35	22.72
Feb-22	2190.00	2320.00	1650.00	1808.75	21.68
Mar-22	1808.75	2149.00	1702.10	1753.75	61.28

Performance compared to NIFTY 50

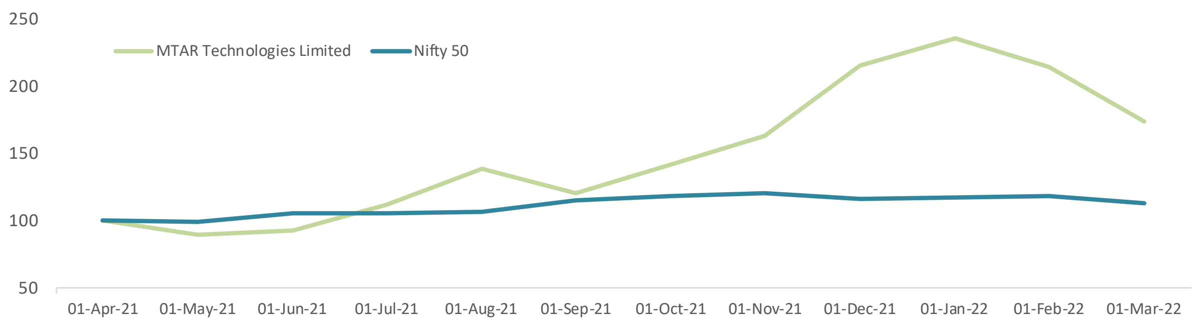

Chart indexed to 100

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. Accordingly, 100 percent of the shares of the Company are held in Demat Form.

I. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2022:

Category	Number of shareholders	%	Number of shares	Amount	%
1 - 5000	162,247	99.47	3,706,774	37,067,740	12.05
5001 - 10000	457	0.28	340,877	3,408,770	1.11
10001 - 20000	172	0.11	256,668	2,566,680	0.83
20001 - 30000	59	0.04	148,464	1,484,640	0.48
30001 - 40000	25	0.02	85,755	857,550	0.28
40001 - 50000	14	0.01	65,561	655,610	0.21
50001 - 100000	32	0.02	237,775	2,377,750	0.77
100001 & Above	99	0.06	25,917,717	259,177,170	84.26
Total:	**163,105**	**100.00**	**30,759,591**	**307,595,910**	**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, 2022 is as follows:

Particulars	No. of Shares	% Share Capital
NSDL	26760412	87.00
CDSL	3999179	13.00
Total	**30759591**	**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, Telanga-na.
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:

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 Septemb 17, 2022 to September 23, 2022 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,2022:

S. No	Category	No. Shares held	% of shareholding
A	**Shareholding of Promoter and Promoter group**		
1	Indian		
	Individual	1,52,33,506	49.52
	Body Corporate	2,25,000	0.73
2	Foreign		
	Individual	-	-
	Sub-Total A	**1,54,58,506**	**50.26**
B.	**Public Shareholding**		
1.	Institutions	91,19,686	29.65
2.	Non-Institutions		
	a. Bodies Corporate	6,91,899	2.25
	b. Indian Public and Others	54,89,500	17.85
	Sub Total B	**1,53,01,085**	**49.74**
	Grand Total (A+B)	**3,07,59,591**	**100.00**

22. 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 exchange except penalized 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.

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. 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.

E. 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**

F. 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 find through preferential allotment or Qualified Institutional Placement during the financial year 2021-22.

G. 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.

H. RECOMMENDATIONS OF COMMITTEES

The Board has accepted and acted upon all the recommendations by the Audit & Nomination and Remuneration Committees.

I. 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. 3.55 Mn

J. DISCLOSURE IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

Particulars	Number
No. of Complaints filed during the financial year	Nil
No. of Complaints disposed of during the financial year	Nil
No. of Complaints pending as on end of the financial year	Nil

K. 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.

L. 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 form 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. 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.

DECLARATION ON CODE OF CONDUCT FOR THE YEAR 2021-22.

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, 2022 as envisaged in Regulation 26(3) of the SEBI (Listing obligations and disclosure requirements) Regulations, 2015.

26. 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 2021-2022 is provided elsewhere in this Annual Report

For and on behalf of the Board of MTAR Technologies Limited

	Sd/-	**Sd/-**
Place: Hyderabad	**B.V.R. Subbu**	**P. Srinivas Reddy**
Date: 24.05.2022	Chairman	Managing Director
	(DIN: 00289721)	(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 2021-22.

For MTAR Technologies Limited

	Sd/-
Place: Hyderabad	**P. Srinivas Reddy**
Date: 24.05.2022	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, 2022 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. Vedachalam Nagarajan	08968059	05/12/2020
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.

For S.S. Reddy& Associates
Practicing Company Secretaries

Place: Hyderabad
Date: 24.05.2022

S. Sarveswar Reddy
M. No.: 12611; CP No. 7478
UDIN: A012611D000379505

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	24.00	1:0.02

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.)		Increase/(Decrease) %
		FY 2021-22	FY 2020-21	
Gunneswara Rao Pusarla	Chief Financial Officer	3173732	-	-
Shubham Sunil Bagadia	Company Secretary	640966	227756	-

3. The percentage increase in the median remuneration of employees in the financial year (Amount in INR)

Particulars	Remuneration (Rs.)		Increase/(Decrease) %
	FY 2021-22	FY 2020-21	
Median Remuneration of all the employees per annum*	3,84,324	3,00,202	28%

4.

Particulars	Number
The number of employees on the rolls of the Company as on March 31, 2022	1740

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 nay 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)	26%
Average Percentage increase in the Remuneration of Key Managerial Personnel	24%

*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	Devesh Dhar Dwivedi	Chief Operating Officer	5152585	Permanent	B.Tech & MBA	16-09-2019	41	Smart Auto Systems Private Limited	0.00	NA
2	Sudipto Bhattacharya	Financial Advisor	4282455	Permanent	CA	01-09-2020	62	ACC Limited	0.00	NA
3	Pusparaj Satpathy	Vice President	3290029	Permanent	MA & MBA	11-12-2019	47	Century Enka Ltd	0.00	NA
4	Tata Madhusudan	Head SCM	3220657	Permanent	B. E & MBA	01-07-2018	55	Moon Iron & Steel	0.00	NA
5	Gunneswara Rao Pusarla	Chief Financial Officer	3173732	Permanent	CA	08-11-2021	52	Tata Sikrosky	0.00	NA
6	Srikanta Bag	Assistant Vice President	2689753	Permanent	B.E (Mech)	01-06-2020	48	Avtec Limited	0.00	NA
7	Doggala Siddareddy	General Manager	2507714	Permanent	M.Tech & EPBM-IIM	25-07-2010	60	ITC	0.00	NA
8	Rohit Khera	Resident Director	2440702	Permanent	Economic Honours	15-09-2021	68	GOI	0.00	NA
9	Niladri Sekhar Banerjee	General Manager	2423544	Permanent	B Tech- IIT	11-05-2016	47	Schlumberger	0.00	NA
10	M Anushman Reddy	Vice President	2422139	Permanent	MS+MBA	04/12/2016	30	Aerovironment	0.87%	Mr. Anushman Reddy & Mr. A. Praveen Kumar Reddy are related to each other

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, 2022

We have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31st March 2022 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 31stMarch 2022 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.

	Sd/-	Sd/-
Place: Hyderabad	**P Srinivas Reddy**	**Gunneswara Rao Pusarla**
Date: 24-05-2022	Managing Director	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, 2022, 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, 2022.

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.

Sd/-
S. Sarveswar Reddy
M.No. A12611
CP No. 7478
UDIN: A012611D000379472

Place: Hyderabad
Date: 24.05.2022

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: Magnatar Aero Systems Private Limited
2. Reporting Period: 01.04.2021 to 31.03.2022
3. Reporting Currency: Indian Rupee

(Amount in Rs.)

S. No.	Particulars	Magnatar Aero System Private Limited
1.	Share Capital	(1,00,000)
2.	Reserves and surplus	(2,45,050)
3.	Total Assets	1,25,535
4.	Total Liabilities	1,25,535
5.	Investments	-
6.	Turnover	-
7.	Profit / loss before Taxation	(72,474)
8.	Provision for Taxation	-
9.	Profit / loss after Taxation	(72,474)
10.	Proposed Dividend	0.00
11.	% of Shareholding	100.00

The following information shall be furnished at the end of the statement:

1. Names of Subsidiaries which are yet to commence operation: 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 2022, 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, 2022, 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, 2022. 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
(a) Revenue recognition for long term projects (as described in Note 2.2(f) and 20 of the standalone financial state-ments)	
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, 2022, the Company has recognised revenue amounting to Rs. 1,177.44 millions and Rs. 1,981.84 millions from domestic and export sales respectively	Our audit procedures, among others included the following: • 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
(a) Revenue recognition for long term projects (as described in Note 2.2(f) and 20 of the standalone financial statements)	
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. 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.	Performed the following tests for a sample of transactions 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 standalone financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

•Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2022 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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, 2022 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 person or entity, 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. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with section 123 of the Act.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 11049W/E300004

____
per Navneet Rai Kabra
Partner
Membership Number: 102328
UDIN: 22102328AJMNIR8784

Place of Signature: Hyderabad
Date: May 24, 2022

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")

(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, 2022.

(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 not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(b) During the year the investments made are not prejudicial to the Company's interest.

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(d) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

(e) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted loans and advances in the nature of loans 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 regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, 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.

(b) There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, customs duty, excise duty, value added tax, 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 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 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 subsidiary.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiary 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 previous year by the Company by way of initial public offer were applied for the purpose for which they were raised, though unutilised funds which were not required for immediate utilization have been invested in fixed deposits/maintained in current account. The maximum amount of unutilised funds invested during the year was Rs. 1,540.23 million, of which Rs. 427.79 million 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 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) 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) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current 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 40 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information acCompanying the 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 27 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 27 to the financial statements.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Navneet Rai Kabra
Partner
Membership Number: 102328
UDIN: 22102328AJMNIR8784

Place of Signature: Hyderabad
Date: May 24, 2022

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, 2022 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, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Navneet Rai Kabra
Partner
Membership Number: 102328
UDIN: 22102328AJMNIR8784

Place of Signature: Hyderabad
Date: May 24, 2022

Standalone Balance Sheet as at March 31, 2022

(All amounts are in Indian rupees in millions, except share data and unless otherwise stated)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
Assets			
Non-current assets			
Property, plant and equipment	3	1,953.86	1,661.16
Capital work in progress	3.1	438.00	105.20
Intangible assets	3	10.09	9.48
Investment in subsidiary	4 (a)	0.10	0.10
Financial assets			
Investments	4 (b)	0.10	0.10
Other financial assets	5	21.62	21.24
Non-current tax assets (net)	6	5.17	5.00
Other non-current assets	7	216.18	75.48
		2,645.12	**1,877.76**
Current Assets			
Inventories	9	1,703.16	1,025.44
Financial assets			
Investment in mutual funds	4(c)	623.30	-
Trade receivables	10	1,359.84	772.78
Cash and cash equivalents	11	595.47	1,802.87
Bank balances other than cash and cash equivalents	12	73.77	106.13
Other financial assets	5	67.33	126.66
Other current assets	8	209.70	151.58
		4,632.57	**3,985.46**
Total assets		**7,277.69**	**5,863.22**
Equity and liabilities			
Equity			
Equity share capital	13	307.59	307.59
Other equity	14	4,890.05	4,459.98
Total equity		**5,197.64**	**4,767.57**
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	17	259.47	71.26
Provisions	15	4.24	3.59
Deferred tax liabilities (net)	16	162.83	126.93
		426.54	**201.78**
Current liabilities			
Financial liabilities			
Borrowings	17	699.46	98.51
Trade payables	18		
- dues of micro, small and medium enterprises		7.20	5.74
- dues of creditors other than micro, small and medium enterprises		563.20	341.70
Other financial liabilities	16A	24.27	26.44
Provisions	15	30.37	25.23
Current tax liabilities (net)	6	2.87	2.74
Other current liabilities	19	326.14	393.51
		1,653.51	**893.87**
Total equity and liabilities		**7,277.69**	**5,863.22**
Summary of significant accounting policies	2.2		

The acCompanying notes are an integral part of the standalone financial statements.
As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered accountants
ICAI Firm registration number: 101049W/E300004

per Navneet Rai Kabra
Partner
Membership no: 102328

Hyderabad
Date: May 24, 2022

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 24, 2022

Standalone statement of profit and loss for the year ended March 31, 2022

(All amounts are in Indian rupees in millions, except share data and unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Income			
Revenue from operations	20	3,220.06	2,464.32
Other income	21	87.53	13.10
Total income		**3,307.59**	**2,477.42**
Expenses			
Cost of materials consumed	22	1,574.05	1,017.54
Changes in inventories of work-in-progress	23	(411.54)	(216.01)
Employee benefit expense	24	707.77	530.40
Finance costs	25	66.49	70.01
Depreciation and amortisation expense	26	143.10	125.57
Other expenses	27	405.45	301.47
Total expenses		**2,485.32**	**1,828.98**
Profit before tax		**822.27**	**648.44**
Tax expense	28		
Current tax		179.95	110.25
Adjustment of tax relating to earlier periods		-	1.00
Deferred tax		33.51	76.36
Total tax expense		**213.46**	**187.61**
Profit for the year		**608.81**	**460.83**
Other comprehensive income (OCI)			
OCI not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/ (losses) on defined benefit plans		8.21	(8.57)
Income tax effect		(2.39)	2.50
OCI for the period, net of tax		**5.82**	**(6.07)**
Total comprehensive income for the year		**614.63**	**454.76**
Earnings per equity share of Rs. 10 each fully paid	29		
Basic and diluted, computed on the basis of profit attributable to equity holders		19.79	17.00
Summary of significant accounting policies	2.2		

The acCompanying notes are an integral part of the standalone financial statements.
As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered accountants
ICAI Firm registration number: 101049W/E300004

per Navneet Rai Kabra
Partner
Membership no: 102328

Hyderabad
Date: May 24, 2022

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 24, 2022

Standalone statement of cash flows for the year ended March 31, 2022

(All amounts are in Indian rupees in millions, except share data and unless otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A Cash flow from operating activities		
Profit before tax	822.27	648.44
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	143.10	125.57
Finance costs	66.49	70.01
Liabilities no longer required written back	(2.72)	-
Gain on sale / revaluation of mututal fund	(19.64)	-
Unrealised exchange gain	(14.00)	(11.17)
Interest income	(34.23)	(13.10)
Operating profit before working capital changes	**961.27**	**819.75**
Movements in working capital:		
Increase in trade receivables	(573.06)	(146.60)
Increase in inventories	(677.72)	(270.85)
(Increase) / decrease in current and non current financial assets	57.55	(74.62)
Increase in other current and non current assets	(58.39)	(68.98)
Increase in trade payables	225.68	41.89
Decrease in other current liabilities	(67.37)	(59.99)
Increase / (decrease) in provisions	14.00	(37.90)
Cash generated (used in) / from operations	**(118.04)**	**202.70**
Income tax paid (net of refunds)	(179.98)	(116.55)
Net cash flows (used in) / from operating activities (A)	**(298.02)**	**86.15**
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	(910.96)	(228.33)
Investment in units of mutual fund	(779.67)	-
Receipt from redemption in units of mutual fund	176.00	-
(Investment in) / redemption from bank deposits (net)	29.02	(5.81)
Interest received	35.63	12.64
Net cash flows used in investing activities (B)	**(1,449.98)**	**(221.50)**
C Cash flow from financing activities		
Dividend paid	(184.56)	(80.28)
Buy back tax paid	-	(38.98)
Proceeds from long term borrowings	415.99	133.76
Repayment of long term borrowings	(50.00)	(12.50)
Proceeds from / (repayment of) short term borrowings (net)	423.17	(242.82)
Equity share issued during the year (net of expenses) (refer note 39)	-	2,106.05
Finance costs paid	(64.00)	(63.81)
Net cash flows from financing activities (C)	**540.60**	**1,801.42**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(1,207.40)**	**1,666.07**
Effect of exchange differences on cash & cash equivalents held in foreign currency	-	1.36
Cash and cash equivalents at the beginning of the year	1,802.87	135.44
Cash and cash equivalents at the end of the year	**595.47**	**1,802.87**

Standalone statement of cash flows for the year ended March 31, 2022
(All amounts are in Indian rupees in millions, except share data and unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021
Components of cash and cash equivalents		
Cash on hand	0.13	0.32
Balance with banks:		
Current accounts	4.44	19.95
On Monitoring account*	8.04	61.59
Deposits with monitoring agency for amount received for reimbursement of expenses with original maturity of less than 3 months*	-	9.77
Deposits with monitoring agency for amount received for IPO and Pre-IPO with original maturity of less than 3 months#	432.31	1,540.23
Deposits with original maturity of less than three months	150.55	171.01
Total cash and cash equivalents	**595.47**	**1,802.87**
** Rs. Nil (March 31, 2021: Rs. 71.36) is towards IPO expenses and are not earmarked towards the unutilized IPO proceeds.*		
# The amount is earmarked as monitoring agency account balance towards unutilized IPO proceeds. Refer note 39.		
Summary of significant accounting policies **2.2**		

The acCompanying notes are an integral part of the standalone financial statements.
As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered accountants
ICAI Firm registration number: 101049W/E300004

per Navneet Rai Kabra
Partner
Membership no: 102328

Hyderabad
Date: May 24, 2022

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 24, 2022

Standalone statement of changes in equity for the year ended March 31, 2022

(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, 2020	**26,759,591**	**267.59**
Add: Issued during the year	4,000,000	40.00
As at March 31, 2021	**30,759,591**	**307.59**
Add: Issued during the year	-	-
As at March 31, 2022	**30,759,591**	**307.59**

Other Equity

Particulars	Securities premium	Capital redemption reserve	Retained Earnings	Total
As at April 01, 2020	**1,097.24**	**14.55**	**871.39**	**1,983.18**
Profit for the year	-	-	460.83	460.83
Premium received on issue of equity shares	2,195.19	-	-	2,195.19
Share issue expenses	(92.87)	-	-	(92.87)
Equity dividend	-	-	(80.28)	(80.28)
Other comprehensive income for the year	-	-	(6.07)	(6.07)
As at March 31, 2021	**3,199.56**	**14.55**	**1,245.87**	**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**	**1,675.95**	**4,890.05**

The acCompanying notes are an integral part of the standalone financial statements.
As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered accountants
ICAI Firm registration number: 101049W/E300004

per Navneet Rai Kabra
Partner
Membership no: 102328

Hyderabad
Date: May 24, 2022

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 24, 2022

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)

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, 2022 comprising of Standalone balance sheet as at March 31, 2022, 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.

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 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 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, 2022
(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.

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 at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are net of returns, trade allowances, rebates. Amounts collected on behalf of third parties such as Goods and service Tax (GST) are excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

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)

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.

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, 2022

(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.

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 nonmonetary 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.

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)

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.

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)

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 Subsidiary:

The Company has elected to recognize its investments in subsidiary at cost less accumulated impairment loss, if any in accordance with the option available in Ind AS 27, 'Separate Financial Statements'. Cost represents amount paid for acquisition of the said investments.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss. The details of such investment are given in Note 4. Refer to the accounting policies in (g) Impairment of non-financial assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

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

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)

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.

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

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)

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (notes 32)
- Investment in unquoted equity shares (note 4)
- Financial instruments (including those carried at amortised cost) (notes 5, 9, 10, 11, 16, 16A, 17, 33, 36)

l) 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.

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)

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 ass 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.

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)

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

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.

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)

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. A contingent liability is possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise the contingent liability but discloses its existence in the financial statements.

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. On March 23, 2022, the MCA, issued certain amendments to Ind AS. The amendments relate to the following standards (applicable to the Company):

- Ind AS 107, Financial Instruments: Disclosures
- Ind AS 109, Financial Instruments
- Ind AS 16, Property, Plant and Equipment
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

These amendments are effective from April 01, 2022. The Company believes that the aforementioned amendments will not materially impact the financial statements of the Company.

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)

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, 2020	**467.14**	**292.52**	**1,177.89**	**17.48**	**17.83**	**6.34**	**18.59**	**6.79**	**2,004.58**	**23.32**	**2,027.90**
Additions during the year	-	125.27	98.23	1.59	0.66	1.12	7.77	-	**234.64**	10.57	**245.21**
Disposals during the year	-	-	-	-	-	-	-	-	**-**	-	**-**
As at March 31, 2021	**467.14**	**417.79**	**1,276.12**	**19.07**	**18.49**	**7.46**	**26.36**	**6.79**	**2,239.22**	**33.89**	**2,273.11**
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**
Accumulated depreciation and amortisation							-				
As at April 01, 2020	-	46.37	355.36	16.61	13.00	5.53	15.17	2.93	**454.97**	21.93	**476.90**
Charge for the year	-	12.81	105.59	0.06	1.72	0.18	2.10	0.63	**123.09**	2.48	**125.57**
Disposals for the year	-	-	-	-	-	-	-	-	**-**	-	**-**
As at March 31, 2021	**-**	**59.18**	**460.95**	**16.67**	**14.72**	**5.71**	**17.27**	**3.56**	**578.06**	**24.41**	**602.47**
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**
Net block	-										
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**
As at March 31, 2021	**467.14**	**358.61**	**815.17**	**2.40**	**3.77**	**1.75**	**9.09**	**3.23**	**1,661.16**	**9.48**	**1,670.64**

Certain land and buildings are subject to a first charge to secure the Company's bank loans. (refer note 17)

Particulars	Amount
As at April 01, 2020	**117.34**
Add: Additions	138.32
Less: Capitalised during the year	(150.41)
Less: Amount written off /adjustment	(0.05)
As at March 31, 2021	**105.20**
Additions (subsequent expenditure)	733.89
Capitalised during the year	(401.09)
Less: Amount written off /adjustment	-
As at March 31, 2022	**438.00**

Capital work in progress (CWIP)

(a) Ageing schedule

	March 31, 2022					March 31, 2021				
	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	434.45	-	-	3.55	438.00	101.65	-	-	3.55	105.20
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
Total	**434.45**	**-**	**-**	**3.55**	**438.00**	**101.65**			**3.55**	**105.20**

(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, 2022	As at March, 31 2021
Non-current investments		
Unquoted equity shares		
(a) In wholly owned subsidiary (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
	0.10	**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)		
1,75,27,497.45 units (March 31, 2021: Nil) of SBI savings fund-Direct plan- Growth	623.30	-
	623.30	**-**
Aggregate amount of unquoted investments- in wholly owned subsidiary	0.10	-
Aggregate amount of unquoted investments- in wholly owned subsidiary	0.10	-

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)

5 Financial assets- others

Unsecured, considered good unless stated otherwise

	As at March 31, 2022	As at March, 31 2021
Non-current		
Security deposits	16.16	15.91
Non-current bank balances (refer note 12)	5.00	5.00
Interest accrued on bank deposits	0.46	0.33
	21.62	**21.24**
Current		
Contract asset- unbilled revenue	2.36	12.43
Security deposit	29.82	29.82
Retention money	31.53	56.30
Interest accrued on bank deposits	2.70	4.23
Amount recoverable from IPO proceeds lying in Escrow account*	-	23.18
Loans and advances to employees	0.92	0.70
	67.33	**126.66**

*Balance pertain to receivable on account of IPO expenses incurred by the Company to be reimbursed out of the money lying in IPO Escrow Account (Secured).

6 Non current tax assets (net) / current tax liabilities (net)

	As at March 31, 2022	As at March, 31 2021
Non-current tax asset (net)		
Advance income tax (net)	5.17	5.00
Liability for current tax		
Tax liability	(2.87)	(2.74)
	2.30	**2.26**

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, 2022	As at March, 31 2021
Non-current		
Unsecured, considered good		
Prepaid expenses	12.76	14.98
Advance for capital goods	177.89	34.97
Balances recoverable from government authorities	25.53	25.53
	216.18	**75.48**
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, 2022	As at March, 31 2021
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 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)

8 Other current assets

	As at March 31, 2022	As at March, 31 2021
Current		
Unsecured, considered good		
Advance to related parties (refer note 36)	0.24	0.16
Advance to suppliers	63.86	49.14
Prepaid expenses	**20.07**	**24.39**
Export benefits receivable	27.49	28.08
Balances recoverable from government authorities	98.04	49.81
	209.70	**151.58**

9 Inventories (at lower of cost and net realisable value)

	As at March 31, 2022	As at March, 31 2021
Raw materials	718.39	452.21
[Includes in transit: Rs. 252.79 (March 31, 2021: Rs. 158.88)]		
Work-in-progress	984.77	573.23
	1,703.16	**1,025.44**

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, 2022	As at March, 31 2021
Current		
Unsecured considered good	1,359.84	772.78
	1,359.84	**772.78**

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.

	As at March 31, 2022	As at March, 31 2021
Balance at the beginning of the year	-	1.81
Provision made during the year, net of reversals	-	-
Bad debts written off against opening provision during the year	-	(1.81)
Balance at the end of the year	-	-

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)

Trade receivables ageing schedule
As at March 31, 2022

	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
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

As at March 31, 2021

	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
Unsecured considered good	-	752.59	20.19	-	-	-	772.78
Trade receivables- credit impaired	-	-	-	-	-	-	
Total	**-**	**752.59**	**20.19**	**-**	**-**	**-**	**772.78**

11 Cash and cash equivalents

	As at March 31, 2022	As at March, 31 2021
Cash on hand	0.13	0.32
Balances with banks		
On current accounts	4.44	19.95
On Monitoring agency account#	8.04	61.59
Deposits with monitoring agency for amount received for reimbursement of expenses with original maturity of less than 3 months*	-	9.77
Deposits with monitoring agency for amount received for IPO and Pre-IPO with original maturity of less than 3 months#	432.31	1540.23
Deposits with original maturity less than 3 months	150.55	171.01
	595.47	**1,802.87**

* Rs. Nil (March 31, 2021: Rs. 71.36) is towards IPO expenses and are not earmarked towards the unutilized IPO proceeds.
# Out of total, Rs. 427.79 (March 31, 2021: Rs. 1,542.36) is earmarked as monitoring agency account balance towards unutilized IPO proceeds. Refer note 39.

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)

	As at March 31, 2022	As at March, 31 2021
Earmarked balance with bank on dividend account*	-	3.34
Margin money deposits**		
Deposits with original maturity for more than three months but remaining maturity of less than twelve months	73.77	102.79
Deposits with remaining maturity of more than twelve months	5.00	5.00
Less: Amount clubbed under 'non-current financial assets- others' (refer note 5)	(5.00)	(5.00)
	73.77	**106.13**

* Can be utilised only for payment of dividend.

** Margin money deposits represent security held by bank for the bank guarantees of Rs. 810.17 (March 31, 2021: Rs. 886.68) 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, 2022		As at March, 31 2021	
	Carrying value	Fair value	Carrying value	Fair value
Investment in units of mutual funds (quoted)	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	**623.40**	**623.40**	**0.10**	**0.10**

Breakup of financial assets carried at amortised cost:

	As at March 31, 2022		As at March, 31 2021	
	Carrying value	Fair value	Carrying value	Fair value
Trade receivables	1,359.84	1,359.84	772.78	772.78
Cash and cash equivalent	595.47	595.47	1,802.87	1,802.87
Balances at bank other than cash and cash equivalents	73.77	73.77	106.13	106.13
Retention money	31.53	31.53	56.30	56.30
Security deposits	45.98	45.98	45.73	45.73
Non-current bank balances	5.00	5.00	5.00	5.00
Amount recoverable from IPO proceeds lying in Escrow account	-	-	23.18	23.18
Contract asset- unbilled revenue	2.36	2.36	12.43	12.43
Interest accrued	3.16	3.16	4.56	4.56
Loans and advances to employees	0.92	0.92	0.70	0.70
Total financial assets carried at amortised cost	**2,118.03**	**2,118.03**	**2,829.68**	**2,829.68**

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, 2022

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

13. Equity share capital

	As at March 31, 2022		As at March, 31 2021	
	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, 2022		As at March, 31 2021	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	30,759,591	307.59	26,759,591	267.59
Issued during the year	-	-	4,000,000	40.00
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, 2022		As at March, 31 2021	
	Number of shares	%	Number of shares	%
(i) Fabmohur Advisors LLP*	-	-	2,586,740	8.41%
(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%	1,718,712	5.59%
(v) SBI Magnum Children's Benefit Fund- Investment plan	-	-	1,731,687	5.63%

* Shareholding less than 5% in current year

As per records of the Company, including its register of shareholders/members, the above shareholding represents both legal and beneficial ownership of shares.

(d) Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

(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, 2022

(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, 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
Saranya Loka Reddy	934,265	100,000	1,034,265	3.36%	0.33%
P Kalpana Reddy	1,025,000	-	1,025,000	3.33%	0.00%
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%
Usha Reddy Chigarapalli	1,004,062	401,383	1,405,445	4.57%	1.30%
Kavitha Reddy Gangapatnam	904,063	401,383	1,305,446	4.24%	1.30%
D Anitha Reddy	1,079,047	401,384	1,480,431	4.81%	1.30%
Mitta Madhavi	776,321	-	776,321	2.52%	0.00%
A Manogna	743,813	-	743,813	2.42%	0.00%
Leelavathi Parvatha Reddy	1,718,712	(100,000)	1,618,712	5.26%	-0.33%
P Srinivas Reddy	1,392,903	-	1,392,903	4.53%	0.00%
Anushman Reddy	267,598	530	268,128	0.87%	0.00%
P Jayaprakash Reddy	70	(70)	-	0.00%	0.00%
Girija Reddy Parvatha	1,204,080	(1,204,080)	-	0.00%	-3.91%
Northeast Broking Services Limited	225,000	-	225,000	0.73%	0.00%
Total	**15,457,976**	**530**	**15,458,506**	**50.26%**	**0.00%**

As at March 31, 2021

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
Saranya Loka Reddy	1,234,265	(300,000)	934,265	3.04%	-0.98%
P Kalpana Reddy	1,324,970	(299,970)	1,025,000	3.33%	-0.98%
K Vamshidhar Reddy	2,091,483	76	2,091,559	6.80%	0.00%
K Shalini	2,091,483	-	2,091,483	6.80%	0.00%
Usha Reddy Chigarapalli	802,726	201,336	1,004,062	3.26%	0.65%
Kavitha Reddy Gangapatnam	802,726	101,337	904,063	2.94%	0.33%
D Anitha Reddy	802,710	276,337	1,079,047	3.51%	0.90%
Mitta Madhavi	1,043,919	(267,598)	776,321	2.52%	-0.87%
A Manogna	1,043,913	(300,100)	743,813	2.42%	-0.98%
Leelavathi Parvatha Reddy	693,752	1,024,960	1,718,712	5.59%	3.33%
P Srinivas Reddy	1,692,903	(300,000)	1,392,903	4.53%	-0.98%
Anushman Reddy	-	267,598	267,598	0.87%	0.87%
P Jayaprakash Reddy	1,204,080	(1,204,010)	70	0.00%	-3.91%
Girija Reddy Parvatha	1,204,080	-	1,204,080	3.91%	0.00%
Northeast Broking Services Limited	-	225,000	225,000	0.73%	0.73%
N Lavanya Reddy	1,324,960	(1,324,960)	-	0.00%	-4.31%
K Satyanarayana Reddy	76	(76)	-	0.00%	0.00%
Total	**17,358,046**	**(1,900,070)**	**15,457,976**	**50.25%**	**-6.18%**

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)

14. Other Equity

	As at March 31, 2022	As at March, 31 2021
Securities premium		
Balance at the beginning of the year		
Add: Premium received on issue of shares	3,199.56	1,097.24
Less: Share issue expenses	-	2,195.19
Balance at the end of the year	-	(92.87)
	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	1,245.87	871.39
Add: Other comprehensive income / (loss) for the year	5.82	(6.07)
Add: Profit for the year	608.81	460.83
Less: Appropriations		
Final dividend- Rs. 3 per share (March 31, 2021: Rs. Nil)	(92.28)	-
Interim dividend- Rs. 3 per share (March 31, 2021: Rs. 3 per share)	(92.28	(80.28)
Balance at the end of the year	**1,675.94**	**1,245.87**
	4,890.05	**4,459.98**

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, 2022	As at March, 31 2021
Non-current		
Provision for employee benefits		
- Gratuity (refer note 30	4.24	3.59
	4.24	**3.59**
Current		
Provision for employee benefits		
- Gratuity (refer note 30)	18.79	12.23
- Compensated absences	11.58	13.00
	30.37	**25.23**

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)

16. Deferred tax liabilities (net)

	As at March 31, 2022	As at March, 31 2021
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	176.76	199.56
	176.76	**199.56**
Deferred tax asset arising on account of timing differences relating to:		
Expenses allowed on payment basis	13.93	14.30
MAT credit entitlement	-	58.33
	13.93	**72.63**
Deferred tax liability (net)	**162.83**	**126.93**

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, 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**
For the year ended March 31, 2021:				
Written down value difference of property, plant and equipment and intangible assets between tax and financial books	201.66	(2.10)	-	199.56
Expenses allowed on payment basis	(22.03)	10.23	(2.50)	(14.30)
MAT credit entitlement	(126.56)	68.23	-	(58.33)
	53.07	**76.36**	**(2.50)**	**126.93**

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)

17. Borrowings

	As at March 31, 2022	As at March, 31 2021
Non-current		
Secured bank borrowings		
Long-term borrowings	259.47	71.26
Current maturity of long-term borrowings	227.78	50.00
	487.25	121.26
Less: Amount disclosed under "short-term borrowings"	(227.78)	(50.00)
	259.47	**71.26**
Current		
Secured bank borrowings		
Cash credit	235.92	48.51
Export packing credit (USD)	235.76	-
Current maturity of long-term borrowings	227.78	50.00
	699.46	**98.51**
Aggregate secured borrowings	**958.93**	**169.77**
Aggregate unsecured borrowings	-	-

1. The long-term borrowings including current maturities of Rs. 487.25 (March 31, 2021: Rs. 121.26) 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, 2022.

(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.

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, 2022	March 31, 2021		March 31, 2022	March 31, 2021		
State Bank of India	159.60	121.26	7.95 to 10.70	13	17	Quarterly	March 31, 2021 to March 31, 2026
HDFC Bank Limited	327.65	-	7.5	54	-	Monthly	April 01, 2022 to October 31, 2026

2. Cash credit and export packing credit facility (USD) aggregating to Rs. 471.68 (March 31, 2021 : Rs. 48.51) 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 @ 7.90% to 8.95% p.a. (March 31, 2021: 8.95% to 9.85% p.a.). The export packing credit in USD carries interest @ 1.59% to 2.34% p.a. (March 31, 2021: 2.5% to 3.95% p.a.).

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)

The reconciliation between the opening and the closing balances for liabilities arising from financing activities (long-term borrowings, including current maturities and short-term borrowings) is as follows:

	Opening balance	Proceeds / (repayment) (net)	Forex loss / (gain)	Closing balance
For the year ended March 31, 2022				
Long-term including current maturities	121.26	365.99*	-	487.25
Short-term	48.51	419.66	3.51	471.68
For the year ended March 31, 2021				
Long-term including current maturities	-	121.26*	-	121.26
Short-term	291.33	(242.82)	-	48.51

** Net of repayment of Rs. 50.00 (March 31, 2021: Rs. 12.50)*

17A Other Financial Liabilities

	As at March 31, 2022	As at March, 31 2021
Payable for capital goods	24.27	23.10
Dividend payable*	-	3.34
	24.27	**26.44**

** There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.*

18 Trade Payable

	As at March 31, 2022	As at March, 31 2021
- dues of micro and small enterprises	7.20	5.74
- dues of creditors other than micro and small enterprises	563.20	341.70
	570.40	**347.44**

Trade payables ageing schedule
As at March 31, 2022

	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	7.20	-	-	-	7.20
Total outstanding dues of creditors other than micro enterprises and small enterprises	558.73	4.47	-	-	563.20
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
	565.93	**4.47**	**-**	**-**	**570.40**

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)

As at March 31, 2021

	Outstanding for following periods from due date of payment				
	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Total outstanding dues of micro enterprises and small enterprises	5.74	-	-	-	5.74
Total outstanding dues of creditors other than micro enterprises and small enterprises	340.77	0.93	-	-	341.70
Disputed dues of micro enterprises and small enterprises	-	-	-	-	
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	
	346.51	**0.93**	**-**	-	**347.44**

Disclosure pertaining to Micro, Small And Medium Enterprises Act (as per information available with the Company)

	As at March 31, 2022	As at March, 31 2021
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	7.20	5.74
Interest due thereon	-	-
	7.20	**5.74**
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	**-**	**-**

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)

Breakup of financial liabilities carried at amortised cost:

	As at March 31, 2022		As at March, 31 2021	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Borrowings- long-term including current maturities	487.25	487.25	121.26	121.26
Borrowings- short-term	471.68	471.68	48.51	48.51
Payable for capital goods	24.27	24.27	23.10	23.10
Dividend payable	-	-	3.34	3.34
Trade payables	570.40	570.40	347.44	347.44
	1553.60	**1553.60**	**543.65**	**543.65**

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.

19. Other Liabilities

	As at March, 31 2022	As at March, 31 2021
Current		
Statutory remittances	13.54	22.45
Contract liability- advance from customers	311.02	369.48
Others	1.58	1.58
	326.14	**393.51**

20. Revenue from Operations

	For the year ended March 31, 2022	For the year ended March 31, 2021
(A) Revenue from contracts with customers		
Sale of products	3,159.28	2,432.29
	3,159.28	**2,432.29**
(B) Other operating revenue		
- Export benefits	-	26.62
- Others	60.78	5.41
	60.78	**32.03**
Total (A+B)	**3,220.06**	**2,464.32**

(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, 2022	For the year ended March 31, 2021
India	1,177.44	1,135.12
Outside India	1,981.84	1,297.17
	3,159.28	**2,432.29**
Timing of revenue recognition		
Goods transferred at a point of time	3,159.28	2,432.29
Total	**3,159.28**	**2,432.29**

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)

(ii) Contract balances

	As at March, 31 2022	As at March, 31 2021
Trade receivable	1359.84	772.78
Retention money	31.53	56.30
Contract asset		
Unbilled revenue	2.36	12.43
Contract liabilities		
Advance from customer	311.02	369.48

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. 347.76 (March 31, 2021: Rs. 130.06). Generally the advance from customers are settled over a period of 1 to 3 years.

21. Other Income

	For the year ended March 31, 2022	For the year ended March 31, 2021
Foreign exchange gain (net)	28.57	-
Interest on bank deposits	34.23	13.10
Liabilities no longer required written back	2.72	-
Profit from sale of mutual funds	4.75	-
Unrealised MTM gain from mutual funds	14.89	-
Miscellaneous income	2.37	-
	87.53	**13.10**

22. Cost of materials consumed

	For the year ended March 31, 2022	For the year ended March 31, 2021
Inventory at the beginning of the year	452.21	397.37
Add: Purchases	1840.23	1072.38
Less: Inventory at the end of the year	(718.39)	(452.21)
	1574.05	**1017.54**

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, 2022	For the year ended March 31, 2021
Inventory at the beginning of the year	573.23	357.22
Less: Inventory at the end of the year	(984.77)	(573.23)
	(411.54)	**(216.01)**

24. Employee Benefit Expenses

	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, wages and bonus	657.39	488.85
Contribution to provident and other funds [refer note 30 (II)]	27.13	24.28
Gratuity expense [refer note 30 (I)]	9.50	10.08
Staff welfare expenses	13.75	7.19
	707.77	**530.40**

25. Finance costs

	For the year ended March 31, 2022	For the year ended March 31, 2022
Interest expenses		
- Short term borrowings	9.65	33.64
- Long term borrowings	22.44	4.91
- Others	0.46	2.43
Bank charges	33.94	29.03
	66.49	**70.01**

26. Depreciation and amortisation expenses

	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation on property, plant and equipment	137.97	123.09
Amortisation on intangible assets	5.13	2.48
	143.10	**125.57**

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)

27. Other Expenses

	For the year ended March 31, 2022	For the year ended March 31, 2021
Sub-contractor charges	80.14	76.95
Production expenses	67.85	30.10
Power and fuel	89.48	67.09
Material testing charges	4.11	3.06
Repairs and maintenance		
- Buildings	17.82	15.45
- Plant and machinery	23.37	17.73
- Others	5.20	3.12
Insurance	7.79	7.97
Rates and taxes	11.09	15.84
Communication	1.99	1.34
Travelling and conveyance	14.55	3.00
Printing and stationary	1.20	1.11
Foreign exchange loss (net)	-	2.46
Freight and forwarding	2.90	2.74
Provision for doubtful receivables and advances	-	-
Business Promotion	2.73	2.63
Legal and professional charges	34.24	20.63
Security Charges	9.37	8.17
Payment to auditors (refer below)	3.50	1.85
Bad debts written off	-	-
CSR expenses	9.65	7.00
Miscellaneous expenses	18.47	13.22
	405.45	**301.47**

Payment to auditors

	For the year ended March 31, 2022	For the year ended March 31, 2021
Statutory audit*	3.50	1.70
Other services	-	0.15
	3.50	**1.85**

** Net of Rs. Nil (March 31, 2021: Rs. 14.75) accrued towards IPO.*

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)

Detail of CSR expenditure

	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Gross amount required to be spent by the Company during the year	9.63	6.86
(b) Amount approved by the Board to be spent during the year	9.65	7.00
(c) Amount spent during the year (in cash)	-	-
i) Construction/acquisition of any asset	9.65	7.00
ii) On purposes other than (i) above		
(d) Details related to spent / unspent obligations	-	-
i) Contribution to Public Trust	-	-
ii) Contribution to Charitable Trust	-	-
iii) Unspent amount in relation to:	-	-
- Ongoing project	-	-
- Other than ongoing project	-	-
	-	-

(e) 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, 2022							
Ongoing project	-	-	-	-	-	-	-
Other than ongoing project	-	-	9.63	-	9.65	-	-
March 31, 2021							
Ongoing project	-	-	-	-	-	-	-
Other than ongoing project	-	-	6.86	-	7.00	-	-

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)

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, 2022	For the year ended March 31, 2021
A. Current tax	179.95	110.25
B. Deferred tax		
Tax expense on origination and reversal of temporary difference	(24.82)	42.24
MAT credit utilisation	58.33	20.36
Actual tax expense accounted in books	**213.46**	**172.85**
C. Adjustment of tax relating to earlier periods	-	1.00
Income tax expense recognised in the statement of profit and loss	**213.46**	**173.85**

(i) OCI Section

	For the year ended March 31, 2022	For the year ended March 31, 2021
Income tax expense to OCI	**(2.39)**	**2.50**

b) Reconciliation of effective tax rate:

	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit before tax (A)	822.27	648.44
Enacted tax rate in India (B)	29.12%	29.12%
Expected tax expenses (C = A*B)	**239.45**	**188.83**
Tax effect of		
Adjustments for taxes with respect of earlier period	-	1.00
Expenses disallowed under Income Tax Act, 1961	1.78	8.87
Impact of change in tax rate for future period	(25.57)	
Others	(3.00)	(0.75)
Total (D)	**(26.79)**	**9.12**
Expected tax expenses (C+D)	212.66	197.95
Income tax expenses	213.46	187.61
Effective tax rate	25.96%	28.93%

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)

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, 2022	For the year ended March 31, 2021
Profit attributable to equity share holders	608.81	460.83
Weighted average number of equity shares in calculating basic and diluted EPS	30,759,591	27,101,346
Face value of each equity share (Rs.)	10.00	10.00
Basic and diluted earnings per share	**19.79**	**17.00**

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, 2022	For the year ended March 31, 2021
Current service cost	8.42	8.04
Interest cost on defined benefit obligation	9.80	9.71
Interest (income) on plan assets	(8.73)	(7.67)
Net employee benefit expenses	**9.49**	**10.08**

B) Amount recognised in the statement of other comprehensive income (OCI)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Remeasurements- due to experience adjustments	1.68	8.80
Return on plan assets	(0.42)	1.47
Remeasurements- due to financial assumptions	(4.39)	(1.70)
	(3.13)	**8.57**

C) Amount recognised in the balance sheet

	For the year ended March 31, 2022	For the year ended March 31, 2021
Defined benefit obligation	153.30	146.84
Fair value of plan assets	130.71	131.02
Net defined benefit liability	**22.59**	**15.82**

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)

D) Changes in the present value of the defined benefit obligation

	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening defined benefit obligation	146.84	140.97
Interest cost	9.80	9.71
Current service cost	8.42	8.04
Net actuarial (losses) / gains on obligations recognised under OCI	(2.71)	7.10
Benefit payments from plan assets	(9.05)	(18.98)
	153.30	**146.84**

E) Changes in the fair value of plan assets

	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening fair value of plan assets	131.02	103.82
Interest income	8.73	7.67
Remeasurements- return on assets	(0.42)	(1.47)
Contributions by employer	0.43	39.98
Benefit payments from plan assets	(9.05)	(18.98)
Closing fair value of plan assets	**130.71**	**131.02**
Expected contribution to the gratuity fund during the next year would be Rs. 22.64 (March 31, 2021: Rs. 15.86)		
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

	For the year ended March 31, 2022	For the year ended March 31, 2021
Discount rate	7.35%	6.89%
Rate of increase in compensation	5.00%	5.00%
Employee attrition rate	5.00%	5.00%
Mortality rate	Indian assured life mortality (2012-14)	Indian assured life mortality (2012-14)

(ii) Disclosure related to indication of effect of the defined benefit plan on the Company's future cash flow

	For the year ended March 31, 2022	For the year ended March 31, 2021
1 year	18.30	12.27
2-5 years	70.49	68.27
6-10 years	78.91	77.88

The weighted average duration of the defined benefit obligation is 7.09 years (March 31, 2021: 10.07 years).

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)

(iii) Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is as shown below:

	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Effect of 1% change in assumed discount rate		
- 1% increase	(8.24)	(8.85)
- 1% decrease	10.44	9.98
(b) Effect of 1% change in rate of increase in compensation		
- 1% increase	11.65	10.85
- 1% decrease	(9.18)	(9.80)
(c) Effect of 1% change in assumed attrition rate		
- 1 % increase	1.24	1.04
- 1 % decrease	(1.37)	(1.16)

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. 27.32 (March 31, 2021: Rs. 24.28) for provident fund contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

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

31. The Company is closely monitoring the impact of COVID-19 pandemic on all aspects of it's business, including how it will impact its customers, employees, vendors and business partners. The Company based on the information available to date, both internal and external, considered the uncertainty relating to the COVID-19 pandemic in assessing its impact. Based on the current estimates, the Company expects to fully recover the carrying amount of assets and does not foresee any significant material adverse impact on its operations. As the outbreak continues to evolve, the Company will continue to closely monitor any material changes to future economic condition.

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. 659.16 (March 31, 2021: Rs. 209.29).

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, 2021: Rs. 22.67)

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)

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 29.

ii. Taxes

Deferred tax asset, comprising of Minimum Alternative Tax (“MAT”) credit is recognised to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward and sufficient taxable profit will be available against which the MAT credit can be utilised. Significant management judgement is required to determine the amount of MAT credit that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

iii. Depreciation of property, plant and equipment and amortization of Intangible assets

Depreciation of property, plant and equipment and amortization of intangible assets is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values as estimated by the management. The management 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 advices 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, 2022

(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. 1,393.73 (March 31, 2021: Rs. 841.51) 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. 677.27 (March 31, 2021: Rs. 1,918.24) and (iii) other financial assets of Rs. 46.90 (March 31, 2021: Rs. 69.61).

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. 999.57 for March 31, 2022 (March 31, 2021: Rs. 519.03).

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. 677.27 (March 31, 2021: Rs. 1,918.24) 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, 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**
March 31, 2021				
Borrowings	98.51	71.26	-	169.77
Trade payables	347.44	-	-	347.44
Other financial liability	26.44	-	-	26.44
	472.39	**71.26**	**-**	**543.65**

The cash credit facility amounting to Rs. 471.68 (March 31, 2021: Rs. 48.51), 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, 2022
(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, 2022	USD	13.30	75.81	1,007.89
March 31, 2021	USD	7.19	73.50	528.57
Cash and cash equivalents				
March 31, 2022	USD	0.03	75.81	2.59
March 31, 2021	USD	0.27	73.50	19.73
Export packing credit				
March 31, 2022	USD	3.11	75.81	235.76
March 31, 2021	USD	-	73.50	-
Trade payables				
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
March 31, 2021	USD	2.95	73.50	216.22

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, 2022	1%	1%	3.82	(3.82)
March 31, 2021	1%	1%	3.32	(3.32)

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, 2022
(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 end ended March 31, 2022 would decrease / increase by Rs. 9.59 (March 31, 2021: Rs. 1.70).

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, 2022	For the year ended March 31, 2021
Borrowings	958.93	169.77
Less: Cash and cash equivalents excluding balance with monitoring agency account	(155.12)	(191.28)
Net debt (A)	**803.81**	**(21.51)**
Equity (B)	**5,197.64**	**4,767.57**
Equity and net debt (C) = (A) + (B)	**6,001.45**	**4,746.06**
Gearing ratio (A) / (C)	**13.39%**	**(0.45%)**

36. Related party disclosures

Names of related parties and description of relationship

(a) Subsidiary Company

Magnatar Aero Systems Private Limited

(b) Key managerial personnel

Parvat Srinivas Reddy, Managing Director (Managing director w.e.f. September 01, 2020)
Vamshidhar Reddy Kallem, Director (Director upto December 14, 2020)
Mathew Cyriac, Director (Director upto May 10, 2022)
Venkatasatishkumar Reddy Gangapatnam, Director
A. Praveen Kumar Reddy (appointed w.e.f. Dec 14, 2020)
P. Kalpana Reddy (Director upto August 18, 2020)
Dr. C. Sukesh Kumar Reddy (Director upto August 25, 2020)
M. Anushman Reddy, Director (Director upto October 19, 2020)
P. Simhadri Reddy (Director upto October 19, 2020)
Rohith Loka Reddy (Director upto October 19, 2020)
Devesh Dhar Dwivedi, Chief operating officer (Chief financial officer upto August 31, 2020)
Abhaya Shankar, Chief executing officer (Resigned w.e.f. May 09, 2020)
Sudipto Bhattacharya, Chief financial officer (From September 01, 2020 to November 08, 2021)
Gunneswara Rao Pusarla, Chief financial officer (w.e.f. November 08, 2021)
Shubham Sunil Bagadia, Company secretary (appointed on October 20, 2020)

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)

(c) Relatives of key management personnel
- A. Pranay Kumar Reddy
- K. Shalini

(d) Independent / Non-Executive Directors appointed on December 05, 2020
- Padmashri Nagarajan Vedachalam
- B V R Subbu
- A. Krishna Kumar
- Ameeta Chatterjee
- U C Muktibodh
- V.G. Sekaran

Transactions and balances with related parties#

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A. Transactions with related parties		
Remuneration*		
M. Anushman Reddy	-	2.57
Parvat Srinivas Reddy	24.00	8.50
Devesh Dhar Dwivedi	-	5.74
Abhaya Shankar	-	0.41
A. Praveen Kumar Reddy	-	1.29
A. Pranay Kumar Reddy	0.64	1.57
Shubham Sunil Bagadia	0.79	0.24
Sudipto Bhattacharya	4.43	2.92
Professional charges		
Parvat Srinivas Reddy	-	2.25
Sitting fees		
Dr. C. Sukesh Kumar Reddy	-	0.01
Venkatasatishkumar Reddy Gangapatnam	0.54	0.39
Vamshidhar Reddy Kallem	-	0.01
M.Anushman Reddy	-	0.01
P. Simhadri Reddy	-	0.01
Parvat Srinivas Reddy	-	0.01
Rohith Loka Reddy	-	0.01
P. Kalpana Reddy	-	0.01
A. Praveen Kumar Reddy	0.38	0.38
Mathew Cyriac	0.70	0.47
Padmashri Nagarajan Vedachalam	0.58	0.42
B V R Subbu	0.62	0.34
A. Krishna Kumar	0.74	0.54
Ameeta Chatterjee	0.74	0.50
U C Muktibodh	0.46	0.50
V.G. Sekaran	0.58	0.50
Rent expense		
K. Shalini	-	0.10
Reimbursable expenditure incurred		
Magnatar Aero Systems Private Limited	0.08	0.16

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)

B. Balance Receivable

	For the year ended March 31, 2022	For the year ended March 31, 2021
Magnatar Aero Systems Private Limited (reimbursable advance)	0.24	0.16

*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.

#The above transactions do not include IPO related expenses and its recoverable balances, incurred on behalf of related parties as selling shareholders in Offer for Sale. Refer note 39 of the standalone financial statements for details IPO expenses incurred by the Company and allocated to selling shareholders.

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, 2022	For the year ended March 31, 2021
India	1,177.44	1,135.12
Outside India	1,981.84	1,297.17
Total	**3,159.28**	**2,432.29**

(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, 2022	2	2,321.58
For the year ended March 31, 2021	2	1,704.93

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)

39. Issue of shares

(i) Issue of shares via Initial Public Offering (IPO)

The Company, in the previous year, 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.

The IPO Expenses incurred Rs. 379.30 (inclusive of taxes) have been proportionately allocated between the selling share-holder and the Company. The Company's share of expenses (net of tax), Rs. 66.53 has been adjusted against securities premium and balance amount is recoverable from the selling shareholders.

(ii) Issue of shares via Private placement

The Company, in the previous year, 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 million. The Company has incurred Rs. 26.34 as share issue expenses (net of tax) which has been set off against the securities premium.

(iii) IPO utilisation

The details of utilization of IPO proceeds and pre-IPO placement are as follows:

	March 31, 2022			March 31, 2021		
	Amount	**Utilised upto the end of the year**	**Un-utilised upto the end of the year**	**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	-	630.00	586.87	43.13
Funding for working capital requirements	950.00	620.00	330.00	950.00	-	950.00
General corporate purposes	549.23	451.44	97.79	549.23	-	549.23
Total utilised / un-utilised funds	**2,129.23**	**1,701.44**	**427.79**	**2,129.23***	**586.87**	**1,542.36***

IPO proceeds which were unutilised as at end of the year are in Monitoring agency account amounting to Rs. 427.79 (March 31, 2021: Rs. 1,540.23).

* Includes balance of Rs. 2.13 in IPO Escrow Account.

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)

40. Ratio analysis and its elements

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% Change	Reason for variance (above 25%)
(i) Current Ratio	Current assets	Curent liabilities	2.80	4.46	-37%	The variance mainly on account of increase in borrowings during the year.
(ii) Debt- Equity Ratio	Total debt	Shareholder's equity	0.18	0.04	418%	The variance mainly on account of increase in borrowings during the year.
(iii) Debt Service Coverage ratio	Net profit + depreciation + interest expense	Debt service	15.68	2.45	541%	The variance mainly on account of increase in borrowings during the year.
(iv) Return on Equity Ratio	Net profits after taxes	Average shareholder's equity	12.22%	13.13%	-7%	
(v) Inventory Turnover Ratio	Cost of goods sold	Average inventory	0.85	0.90	-5%	
(vi) Trade Receivable Turnover Ratio	Revenue from operations	Average trade receivable	3.02	3.55	-15%	
(vii) Trade Payable Turnover Ratio	Net credit purchases	Average trade payables	4.01	3.28	22%	
(viii) Net Capital Turnover Ratio	Revenue from operations	Working capital	1.08	0.80	36%	The variance mainly on account of increase in borrowings during the year.
(ix) Net Profit Ratio	Net Profit after tax	Revenue from operations	18.91%	18.70%	1%	
(x) Return on Capital Employed	Profit before interest and taxes	Net worth + total debt	13.88%	13.91%	0%	
(xi) Return on Investment	Gain from investment	Investment	3%	0%	100%	The variance is due to investment in mutual funds made in current year.

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.

iv) The Company does not have any transactions with the companies struck off.

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)

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
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

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
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

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

xi) Previous year figures have been regrouped / reclassified, where necessary, to confirm to the current years' classification.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered accountants
ICAI Firm registration number: 101049W/E300004

per Navneet Rai Kabra
Partner
Membership no: 102328

Hyderabad
Date: May 24, 2022

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 24, 2022

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 subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2022, 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 subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, 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.

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, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the acCompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition (as described in Note 2.2(f) and note 20 of the consolidated financial statements)	
Revenue from contracts with customer is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Holding Company expects to be entitled in exchange for those goods. During the year ended March 31, 2022, the Holding Company has recognised revenue amounting to Rs. 1,177.44 millions and Rs. 1,981.84 millions from domestic and export sales respectively.	Our audit procedures, among others included the following: • 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.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition (as described in Note 2.2(f) and note 20 of the consolidated financial statements)	
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. 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.	•Performed the following tests for a sample of transactions 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, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of one subsidiary whose financial statements include total assets of Rs. 0.01 Million as at March 31, 2022, and total revenues of Rs. Nil and net cash outflows of Rs. Nil 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 subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditor.

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.

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 subsidiary 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(xxi) 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 subsidiary, 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, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary Company, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2022 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 subsidiary 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 subsidiary, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Holding Company, its subsidiary incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other matter' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated financial statements – Refer note 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, 2022;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary, incorporated in India during the year ended March 31, 2022.

v. a) The respective managements of the Holding Company and its subsidiary 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 subsidiary 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 subsidiary 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 subsidiary ("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 subsidiary 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 subsidiary respectively that, to the best of its knowledge and belief, no funds have been received by the respective Holding Company or any of such subsidiary 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 subsidiary 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 subsidiary 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) The final dividend paid by the Holding Company and its subsidiary Company incorporated in India during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

The interim dividend declared and paid during the year by the Holding Company and its subsidiary Company incorporated in India and until the date of the respective audit reports of such Holding Company and subsidiary is in accordance with section 123 of the Act.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

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per Navneet Rai Kabra
Partner
Membership Number: 102328
UDIN: 22102328AJMNRA6771

Place of Signature: Hyderabad
Date: May 24, 2022

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 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 consoli-dated 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 Navneet Rai Kabra
Partner
Membership Number: 102328
UDIN: 22102328AJMNRA6771

Place of Signature: Hyderabad
Date: May 24, 2022

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MTAR TECHNOLOGIES LIMTED

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, 2022, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company, as of that date. According to the information and explanations given by the Management and based on the report of the other auditor, the provisions of the section 143(3)(i) are not applicable to Magnetar Aero System Private Limited, which is a Company incorporated in India.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, has maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

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per Navneet Rai Kabra
Partner
Membership Number: 102328
UDIN: 22102328AJMNRA6771

Place of Signature: Hyderabad
Date: May 24, 2022

Consolidated Balance Sheet as at March 31, 2022

(All amounts are in Indian rupees in millions, except share data and unless otherwise stated)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
Assets			
Non-current assets			
Property, plant and equipment	3	1,953.86	1,661.16
Capital work in progress	3.1	438.00	105.20
Intangible assets	3	10.09	9.48
Financial assets			
-Investments	4 (a)	0.10	0.10
-Other financial assets	5	21.62	21.24
Non-current tax assets (net)	6	5.17	5.00
Other non-current assets	7	216.18	75.48
		2,645.02	**1,877.66**
Current assets			
Inventories	9	1,703.16	1,025.44
Financial assets			
Investment in mutual funds	4(b)	623.30	-
Trade receivables	10	1,359.84	772.78
Cash and cash equivalents	11	595.47	1,802.87
Bank balances other than cash and cash equivalents	12	73.77	106.13
Other financial assets	5	67.33	126.66
Other current assets	8	209.49	151.54
		4,632.46	**3,985.52**
Total assets		**7,277.48**	**5,863.18**
Equity and liabilities			
Equity			
Equity share capital	13	307.59	307.59
Other equity	14	4,889.80	4,459.81
Total Equity		**5,197.39**	**4,767.40**
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	17	259.47	71.26
Provisions	15	4.24	3.59
Deferred tax liabilities (net)	16	162.83	126.93
		426.54	**201.78**
Current liabilities			
Financial liabilities			
Borrowings	17	699.46	98.51
Trade payables	18		
- dues of micro, small and medium enterprises		7.20	5.74
- dues of creditors other than micro, small and medium enterprises		563.21	341.83
Other financial liabilities	17A	24.27	26.44
Provisions	15	30.37	25.23
Current tax liabilities (net)	6	2.87	2.74
Other current liabilities	19	326.17	393.51
		1,653.55	**894.00**
Total equity and liabilities		**7,277.48**	**5,863.18**
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 Navneet Rai Kabra
Partner
Membership no: 102328

Hyderabad
Date: May 24, 2022

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 24, 2022

Consolidated statement of profit and loss for the year ended March 31, 2022

(All amounts are in Indian rupees in millions, except share data and unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Income			
Revenue from operations	20	3,220.06	2,464.32
Other income	21	87.53	13.10
Total income		**3,307.59**	**2,477.42**
Expenses			
Cost of materials consumed	22	1,574.05	1,017.54
Changes in inventories of work-in-progress	23	(411.54)	(216.01)
Employee benefit expense	24	707.77	530.40
Finance costs	25	66.49	70.01
Depreciation and amortisation expense	26	143.10	125.57
Other expenses	27	405.52	301.64
Total expenses		**2,485.39**	**1,829.15**
Profit before tax		**822.20**	**648.27**
Tax expense	28		
Current tax		179.95	110.25
Adjustment of tax relating to earlier periods		-	1.00
Deferred tax		33.51	76.36
Total tax expense		**213.46**	**187.61**
Profit for the year		608.74	460.66
Other comprehensive income (OCI)			
OCI not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/ (losses) on defined benefit plans		8.21	(8.57)
Income tax effect		(2.39)	2.50
OCI for the period, net of tax		**5.82**	**(6.07)**
Total comprehensive income for the year		**614.56**	**454.59**
Earnings per equity share of Rs. 10 each fully paid	29		
Basic and diluted, computed on the basis of profit attributable to equity holders		19.79	17.00
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 Navneet Rai Kabra
Partner
Membership no: 102328

Hyderabad
Date: May 24, 2022

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 24, 2022

Consolidated statement of cash flows for the year ended March 31, 2022

(All amounts are in Indian rupees in millions, except share data and unless otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A Cash flow from operating activities		
Profit before tax	822.20	648.27
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	143.10	125.57
Finance costs	66.49	70.01
Liabilities no longer required written back	(2.72)	-
Gain on sale / revaluation of mututal fund	(19.64)	-
Unrealised exchange gain	(14.00)	(11.17)
Interest income	(34.23)	(13.10)
Operating profit before working capital changes	**961.20**	**819.58**
Movements in working capital:		
Increase in trade receivables	(573.06)	(146.60)
Increase in inventories	(677.72)	(270.85)
(Increase) / decrease in current and non current financial assets	57.55	(74.62)
Increase in other current and non current assets	(58.22)	(68.97)
Increase in trade payables	225.56	42.00
Decrease in other current liabilities	(67.34)	(59.99)
Increase / (decrease) in provisions	14.00	(37.90)
Cash generated (used in) / from operations	**(118.03)**	**202.65**
Income tax paid (net of refunds)	(179.99)	(116.55)
Net cash flows (used in) / from operating activities (A)	**(298.02)**	**86.10**
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	(910.96)	(228.28)
Investment in units of mutual fund	(779.67)	-
Receipt from redemption in units of mutual fund	176.00	-
(Investment in) / redemption from bank deposits (net)	29.02	(5.81)
Interest received	35.63	12.64
Net cash flows used in investing activities (B)	**(1,449.98)**	**(221.45)**
C Cash flow from financing activities		
Dividend paid	(184.56)	(80.28)
Buy back tax paid	-	(38.98)
Proceeds from long term borrowings	415.99	133.76
Repayment of long term borrowings	(50.00)	(12.50)
Proceeds from / (repayment of) short term borrowings (net)	423.17	(242.82)
Equity share issued during the year (net of expenses) (refer note 39)	-	2,106.05
Finance costs paid	(64.00)	(63.81)
Net cash flows from financing activities (C)	**540.60**	**1,801.42**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(1,207.40)**	**1,666.07**
Effect of exchange differences on cash & cash equivalents held in foreign currency	-	1.36
Cash and cash equivalents at the beginning of the year	1,802.97	135.54
Cash and cash equivalents at the end of the year	**595.57**	**1,802.97**

Consolidated statement of cash flows for the year ended March 31, 2022
(All amounts are in Indian rupees in millions, except share data and unless otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Components of cash and cash equivalents		
Cash on hand	0.13	0.32
Balance with banks:		
Current accounts	4.54	20.05
On Monitoring account*	8.04	61.59
Deposits with monitoring agency for amount received for reimbursement of expenses with original maturity of less than 3 months*	-	9.77
Deposits with monitoring agency for amount received for IPO and Pre	432.31	1,540.23
IPO with original maturity of less than 3 months#		
Deposits with original maturity of less than three months	150.55	171.01
Total cash and cash equivalents	**595.57**	**1,802.97**
** Rs. Nil (March 31, 2021: Rs. 71.36) is towards IPO expenses and are not earmarked towards the unutilized IPO proceeds.*		
# The amount is earmarked as monitoring agency account balance towards unutilized IPO proceeds. Refer note 39.		
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 Navneet Rai Kabra
Partner
Membership no: 102328

Hyderabad
Date: May 24, 2022

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 24, 2022

Consolidated statement of changes in equity for the year ended March 31, 2022

(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, 2020	**26,759,591**	**267.59**
Add: Issued during the year	4,000,000	40.00
As at March 31, 2021	**30,759,591**	**307.59**
Add: Issued during the year	-	-
As at March 31, 2022	**30,759,591**	**307.59**

b) Other Equity

	Attributable to equity holders of the Parent					
	Reserves and surplus					
Particulars	**Securities premium**	**Capital redemption reserve**	**Retained earnings**	**Total**	**Non controlling interest**	**Total**
As at April 01, 2020	**1,097.24**	**14.55**	**871.39**	**1,983.18**	-	**1,983.18**
Profit for the year	-	-	460.66	460.66	-	460.66
Premium received on issue of equity shares	2,195.19	-	-	2,195.19	-	2,195.19
Share issue expenses	(92.87)	-	-	(92.87)	-	(92.87)
Equity dividend	-	-	(80.28)	(80.28)	-	(80.28)
Other comprehensive income for the year	-	-	(6.07)	(6.07)	-	(6.07)
As at March 31, 2021	**3,199.56**	**14.55**	**1,245.70**	**4,459.81**	-	**4,459.81**
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**

The acCompanying notes are an integral part of the consolidated financial statements.
As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered accountants
ICAI Firm registration number: 101049W/E300004

per Navneet Rai Kabra
Partner
Membership no: 102328

Hyderabad
Date: May 24, 2022

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 24, 2022

Notes to the consolidated financial statements for the year ended March 31, 2022
(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 subsidiary (collectively, "the Group") for the year ended March 31, 2022. 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, 2022 comprising of Consolidated balance sheet as at March 31, 2022, 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 subsidiary as at March 31, 2022. 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, 2022
(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 reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the Consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of subsidiary used for the purpose of consolidation are drawn up to same reporting date as that of the parent Company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure

1. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its subsidiary.
2. Eliminate the carrying amount of the Holding Company's investment in subsidiary and the Holding Company's portion of equity of subsidiary till date of incorporation of subsidiary.
3. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
4. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Holding Company of the Group and to the non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

2.2 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, 2022
(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 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, 2022
(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

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, 2022

(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.

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.

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 nonmonetary 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, 2022

(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, 2022

(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 Subsidiary:

The Group has elected to recognize its investments in subsidiary at cost less accumulated impairment loss, if any in accordance with the option available in Ind AS 27, 'Separate Financial Statements'. Cost represents amount paid for acquisition of the said investments.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss. The details of such investment are given in Note 4. Refer to the accounting policies in (g) Impairment of non-financial assets.

Notes to the consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

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:

Notes to the consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

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

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.

Notes to the consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

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, 16A, 17, 33, 36)

l) 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.

Notes to the consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

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.

Notes to the consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

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

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.

Notes to the consolidated financial statements for the year ended March 31, 2022
(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

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 Group 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 Group's cash management.

q) 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.

r) 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. On March 23, 2022, the MCA, issued certain amendments to Ind AS. The amendments relate to the following standards (applicable to the Group):

- Ind AS 107, Financial Instruments: Disclosures
- Ind AS 109, Financial Instruments
- Ind AS 16, Property, Plant and Equipment
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

These amendments are effective from April 01, 2022. The Group believes that the aforementioned amendments will not materially impact the financial statements of the Group.

Notes to the consolidated financial statements for the year ended March 31, 2022

(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, 2020	467.14	292.52	1,177.89	17.48	17.83	6.34	18.59	6.79	**2,004.58**	23.32	**2,027.90**
Additions during the year	-	125.27	98.23	1.59	0.66	1.12	7.77	-	**234.64**	10.57	**245.21**
Disposals during the year	-	-	-	-	-	-	-	-	**-**	-	**-**
As at March 31, 2021	**467.14**	**417.79**	**1,276.12**	**19.07**	**18.49**	**7.46**	**26.36**	**6.79**	**2,239.22**	**33.89**	**2,273.11**
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**
Accumulated depreciation and amortisation							-				
As at April 01, 2020	-	46.37	355.36	16.61	13.00	5.53	15.17	2.93	**454.97**	21.93	**476.90**
Charge for the year	-	12.81	105.59	0.06	1.72	0.18	2.10	0.63	**123.09**	2.48	**125.57**
Disposals for the year	-	-	-	-	-	-	-	-	**-**	-	**-**
As at March 31, 2021	**-**	**59.18**	**460.95**	**16.67**	**14.72**	**5.71**	**17.27**	**3.56**	**578.06**	**24.41**	**602.47**
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**
Net block	-										
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**
As at March 31, 2021	**467.14**	**358.61**	**815.17**	**2.40**	**3.77**	**1.75**	**9.09**	**3.23**	**1,661.16**	**9.48**	**1,670.64**

Certain land and buildings are subject to a first charge to secure the Company's bank loans. (refer note 17)

Notes to the consolidated financial statements for the year ended March 31, 2022

(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 April 01, 2020	**117.34**
Add: Additions	138.32
Less: Capitalised during the year	(150.41)
Less: Amount written off /adjustment	(0.05)
As at March 31, 2021	**105.20**
Additions (subsequent expenditure)	733.89
Captalised during the year	(401.09)
Less: Amount written off /adjustment	-
As at March 31, 2022	**438.00**

Capital work in progress (CWIP)

(a) Ageing schedule

	March 31, 2022					March 31, 2021				
	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	434.45	-	-	3.55	438.00	101.65	-	-	3.55	105.20
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
Total	**434.45**	**-**	**-**	**3.55**	**438.00**	**101.65**	**-**	**-**	**3.55**	**105.20**

(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, 2022	As at March, 31 2021
Non-current investments		
(a) Unquoted equity shares (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)		
1,75,27,497.45 units (March 31, 2021: Nil) of SBI savings fund- Direct plan- Growth	623.30	-
	623.30	-
Aggregate amount of unquoted investments- in wholly owned subsidiary	0.10	-

Notes to the consolidated financial statements for the year ended March 31, 2022
(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

5 Financial assets- others
Unsecured, considered good unless stated otherwise

	As at March 31, 2022	As at March, 31 2021
Non-current		
Security deposits	16.16	15.91
Non-current bank balances (refer note 12)	5.00	5.00
Interest accrued on bank deposits	0.46	0.33
	21.62	**21.24**
Current		
Contract asset- unbilled revenue	2.36	12.43
Security deposit	29.82	29.82
Retention money	31.53	56.30
Interest accrued on bank deposits	2.70	4.23
Amount recoverable from IPO proceeds lying in Escrow account*	-	23.18
Loans and advances to employees	0.92	0.70
	67.33	**126.66**

*Balance pertain to receivable on account of IPO expenses incurred by the Group to be reimbursed out of the money lying in IPO Escrow Account (Secured).

6 Non current tax assets (net) / current tax liabilities (net)

	As at March 31, 2022	As at March, 31 2021
Non-current tax asset (net)		
Advance income tax (net)	5.17	5.00
Liability for current tax		
Tax liability	(2.87)	(2.74)
	2.30	**2.26**

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, 2022	As at March, 31 2021
Non-current		
Unsecured, considered good	12.76	14.98
Prepaid expenses	177.89	34.97
Advance for capital goods	25.53	25.53
Balances recoverable from government authorities	**216.18**	**75.48**
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, 2022	As at March, 31 2021
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, 2022

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

8 Other current assets

	As at March 31, 2022	As at March, 31 2021
Current		
Unsecured, considered good		
Advance to related parties (refer note 36)	-	-
Advance to suppliers	63.86	49.14
Prepaid expenses	20.07	24.39
Export benefits receivable	27.49	28.08
Balances recoverable from government authorities	98.07	49.93
	209.49	**151.54**

9 Inventories (at lower of cost and net realisable value)

	As at March 31, 2022	As at March, 31 2021
Raw materials	718.39	452.21
[Includes in transit: Rs. 252.79 (March 31, 2021: Rs. 158.88)]		
Work-in-progress	984.77	573.23
	1,703.16	**1,025.44**

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, 2022	As at March, 31 2021
Current		
Unsecured considered good	1,359.84	772.78
	1,359.84	772.78

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

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Movement in expected credit loss

	As at March 31, 2022	As at March, 31 2021
Balance at the beginning of the year	-	1.81
Provision made during the year, net of reversals	-	-
Bad debts written off against opening provision during the year	-	(1.81)
Balance at the end of the year	-	-

Notes to the consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Trade receivables ageing schedule
As at March 31, 2022

	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
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**

As at March 31, 2021

	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
Unsecured considered good	-	752.59	20.19	-	-	-	772.78
Trade receivables- credit impaired	-	-	-	-	-	-	-
Total	**-**	**752.59**	**20.19**	**-**	**-**	**-**	**772.78**

11 Cash and cash equivalents

	As at March 31, 2022	As at March, 31 2021
Cash on hand	0.13	0.32
Balances with banks		
On current accounts	4.54	20.05
On Monitoring agency account#	8.04	61.59
Deposits with monitoring agency for amount received for reimbursement of expenses with original maturity of less than 3 months*	-	9.77
Deposits with monitoring agency for amount received for IPO and Pre-IPO with original maturity of less than 3 months#	432.31	1540.23
Deposits with original maturity less than 3 months	150.55	171.01
	595.57	**1,802.97**

* Rs. Nil (March 31, 2021: Rs. 71.36) is towards IPO expenses and are not earmarked towards the unutilized IPO proceeds.
# Out of total, Rs. 427.79 (March 31, 2021: Rs. 1,542.36) is earmarked as monitoring agency account balance towards unutilized IPO proceeds. Refer note 39.

Notes to the consolidated financial statements for the year ended March 31, 2022

(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, 2022	As at March, 31 2021
Earmarked balance with bank on dividend account*	-	3.34
Margin money deposits**		
Deposits with original maturity for more than three months but remaining maturity of less than twelve months	73.77	102.79
Deposits with remaining maturity of more than twelve months	5.00	5.00
Less: Amount clubbed under 'non-current financial as-sets- others' (refer note 5)	(5.00)	(5.00)
	73.77	**106.13**

* Can be utilised only for payment of dividend.

** Margin money deposits represent security held by bank for the bank guarantees of Rs. 810.17 (March 31, 2021: Rs. 886.68) issued by the bankers on behalf of the Group.

Breakup of financial assets carried at fair value through profit or loss:

	As at March 31, 2022		As at March, 31 2021	
	Carrying value	Fair value	Carrying value	Fair value
Investment in units of mutual funds (quoted)	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	**623.40**	**623.40**	**0.10**	**0.10**

Breakup of financial assets carried at amortised cost:

	As at March 31, 2022		As at March, 31 2021	
	Carrying value	Fair value	Carrying value	Fair value
Trade receivables	1,359.84	1,359.84	772.78	772.78
Cash and cash equivalent	595.57	595.57	1,802.97	1,802.97
Balances at bank other than cash and cash equivalents	73.77	73.77	106.13	106.13
Retention money	31.53	31.53	56.30	56.30
Security deposits	45.98	45.98	45.73	45.73
Non-current bank balances	5.00	5.00	5.00	5.00
Amount recoverable from IPO proceeds lying in Escrow account	-	-	23.18	23.18
Contract asset- unbilled revenue	2.36	2.36	12.43	12.43
Interest accrued	3.16	3.16	4.56	4.56
Loans and advances to employees	0.92	0.92	0.70	0.70
Total financial assets carried at amortised cost	**2,118.13**	**2,118.13**	**2,829.78**	**2,829.78**

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, 2022

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

13. Equity share capital

	As at March 31, 2022		As at March, 31 2021	
	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, 2022		As at March, 31 2021	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	30,759,591	307.59	26,759,591	267.59
Issued during the year	-	-	4,000,000	40.00
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, 2022		As at March, 31 2021	
	Number of shares	%	Number of shares	%
(i) Fabmohur Advisors LLP*	-	-	2,586,740	8.41%
(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%	1,718,712	5.59%
(v) SBI Magnum Children's Benefit Fund- Investment plan	-	-	1,731,687	5.63%

* Shareholding less than 5% in current year

As per records of the Holding Company, including its register of shareholders/members, the above shareholding represents both legal and beneficial ownership of shares.

(d) Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

(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, 2022

(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, 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
Saranya Loka Reddy	934,265	100,000	1,034,265	3.36%	0.33%
P Kalpana Reddy	1,025,000	-	1,025,000	3.33%	0.00%
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%
Usha Reddy Chigarapalli	1,004,062	401,383	1,405,445	4.57%	1.30%
Kavitha Reddy Gangapatnam	904,063	401,383	1,305,446	4.24%	1.30%
D Anitha Reddy	1,079,047	401,384	1,480,431	4.81%	1.30%
Mitta Madhavi	776,321	-	776,321	2.52%	0.00%
A Manogna	743,813	-	743,813	2.42%	0.00%
Leelavathi Parvatha Reddy	1,718,712	(100,000)	1,618,712	5.26%	-0.33%
P Srinivas Reddy	1,392,903	-	1,392,903	4.53%	0.00%
Anushman Reddy	267,598	530	268,128	0.87%	0.00%
P Jayaprakash Reddy	70	(70)	-	0.00%	0.00%
Girija Reddy Parvatha	1,204,080	(1,204,080)	-	0.00%	-3.91%
Northeast Broking Services Limited	225,000	-	225,000	0.73%	0.00%
Total	**15,457,976**	**530**	**15,458,506**	**50.26%**	**0.00%**

As at March 31, 2021
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
Saranya Loka Reddy	1,234,265	(300,000)	934,265	3.04%	-0.98%
P Kalpana Reddy	1,324,970	(299,970)	1,025,000	3.33%	-0.98%
K Vamshidhar Reddy	2,091,483	76	2,091,559	6.80%	0.00%
K Shalini	2,091,483	-	2,091,483	6.80%	0.00%
Usha Reddy Chigarapalli	802,726	201,336	1,004,062	3.26%	0.65%
Kavitha Reddy Gangapatnam	802,726	101,337	904,063	2.94%	0.33%
D Anitha Reddy	802,710	276,337	1,079,047	3.51%	0.90%
Mitta Madhavi	1,043,919	(267,598)	776,321	2.52%	-0.87%
A Manogna	1,043,913	(300,100)	743,813	2.42%	-0.98%
Leelavathi Parvatha Reddy	693,752	1,024,960	1,718,712	5.59%	3.33%
P Srinivas Reddy	1,692,903	(300,000)	1,392,903	4.53%	-0.98%
Anushman Reddy	-	267,598	267,598	0.87%	0.87%
P Jayaprakash Reddy	1,204,080	(1,204,010)	70	0.00%	-3.91%
Girija Reddy Parvatha	1,204,080	-	1,204,080	3.91%	0.00%
Northeast Broking Services Limited	-	225,000	225,000	0.73%	0.73%
N Lavanya Reddy	1,324,960	(1,324,960)	-	0.00%	-4.31%
K Satyanarayana Reddy	76	(76)	-	0.00%	0.00%
Total	**17,358,046**	**(1,900,070)**	**15,457,976**	**50.25%**	**-6.18%**

Notes to the consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

14. Other Equity

	As at March 31, 2022	As at March, 31 2021
Securities premium		
Balance at the beginning of the year	3,199.56	1,097.24
Add: Premium received on issue of shares	-	2,195.19
Less: Share issue expenses	-	(92.87)
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	1,245.70	871.39
Add: Other comprehensive income / (loss) for the year	5.82	(6.07)
Add: Profit for the year	608.74	460.66
Less: Appropriations		
Final dividend- Rs. 3 per share (March 31, 2021: Rs. Nil)	(92.28)	-
Interim dividend- Rs. 3 per share (March 31, 2021: Rs. 3 per share)	(92.28)	(80.28)
Balance at the end of the year	**1,675.70**	**1,245.70**
	4,889.80	**4,459.81**

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, 2022	As at March, 31 2021
Non-current		
Provision for employee benefits		
- Gratuity (refer note 30	4.24	3.59
	4.24	**3.59**
Current		
Provision for employee benefits		
- Gratuity (refer note 30)	18.79	12.23
- Compensated absences	11.58	13.00
	30.37	**25.23**

Notes to the consolidated financial statements for the year ended March 31, 2022
(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

16. Deferred tax liabilities (net)

	As at March 31, 2022	As at March, 31 2021
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	176.76	199.56
	176.76	**199.56**
Deferred tax asset arising on account of timing differences relating to:		
Expenses allowed on payment basis	13.93	14.30
MAT credit entitlement	-	58.33
	13.93	**72.63**
Deferred tax liability (net)	**162.83**	**126.93**

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

Break up of deferred tax (asset) / liabilities

	Opening balance	Recognised in the statement of profit and loss	Recognised in OCI	Closing balance
For the year ended March 31, 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**
For the year ended March 31, 2021:				
Written down value difference of property, plant and equipment and intangible assets between tax and financial books	201.66	(2.10)	-	199.56
Expenses allowed on payment basis	(22.03)	10.23	(2.50)	(14.30)
MAT credit entitlement	(126.56)	68.23	-	(58.33)
	53.07	**76.36**	**(2.50)**	**126.93**

Notes to the consolidated financial statements for the year ended March 31, 2022
(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

17. Borrowings

	As at March 31, 2022	As at March, 31 2021
Non-current		
Secured bank borrowings		
Long-term borrowings	259.47	71.26
Current maturity of long-term borrowings	227.78	50.00
	487.25	**121.26**
Less: Amount disclosed under “short-term borrowings”	(227.78)	(50.00)
	259.47	**71.26**
Current		
Secured bank borrowings		
Cash credit	235.92	48.51
Export packing credit (USD)	235.76	-
Current maturity of long-term borrowings	227.78	50.00
	699.46	**98.51**
Aggregate secured borrowings	**958.93**	**169.77**
Aggregate unsecured borrowings	-	-

1. The long-term borrowings including current maturities of Rs. 487.25 (March 31, 2021: Rs. 121.26) 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, 2022.

(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.

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, 2022	March 31, 2021		March 31, 2022	March 31, 2021		
State Bank of India	159.60	121.26	7.95 to 10.70	13	17	Quarterly	March 31, 2021 to March 31, 2026
HDFC Bank Limited	327.65	-	7.5	54	-	Monthly	April 01, 2022 to October 31, 2026

2. Cash credit and export packing credit facility (USD) aggregating to Rs. 471.68 (March 31, 2021 : Rs. 48.51) 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 @ 7.90% to 8.95% p.a. (March 31, 2021 : 8.95% to 9.85% p.a.). The export packing credit in USD carries interest @ 1.59% to 2.34% p.a. (March 31, 2021: 2.5% to 3.95% p.a.).

Notes to the consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

The reconciliation between the opening and the closing balances for liabilities arising from financing activities (long-term borrowings, including current maturities and short-term borrowings) is as follows:

	Opening balance	Proceeds / (repayment) (net)	Forex loss / (gain)	Closing balance
For the year ended March 31, 2022				
Long-term including current maturities	121.26	365.99*	-	487.25
Short-term	48.51	419.66	3.51	471.68
For the year ended March 31, 2021				
Long-term including current maturities	-	121.26*	-	121.26
Short-term	291.33	(242.82)	-	48.51

** Net of repayment of Rs. 50.00 (March 31, 2021: Rs. 12.50)*

17A Other Financial Liabilities

	As at March 31, 2022	As at March, 31 2021
Payable for capital goods	24.27	23.10
Dividend payable*	-	3.34
	24.27	**26.44**

** There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.*

18 Trade Payable

	As at March 31, 2022	As at March, 31 2021
- dues of micro and small enterprises	7.20	5.74
- dues of creditors other than micro and small enterprises	563.21	341.83
	570.41	**347.57**

Trade payables ageing schedule
As at March 31, 2022

	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	7.20	-	-	-	7.20
Total outstanding dues of creditors other than micro enterprises and small enterprises	558.74	4.47	-	-	563.21
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
	565.94	**4.47**	**-**	**-**	**570.41**

Notes to the consolidated financial statements for the year ended March 31, 2022
(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

As at March 31, 2021

	Outstanding for following periods from due date of payment				
	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Total outstanding dues of micro enterprises and small enterprises	5.74	-	-	-	5.74
Total outstanding dues of creditors other than micro enterprises and small enterprises	340.90	0.93	-	-	341.83
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
	346.64	**0.93**	**-**	-	**347.57**

Disclosure pertaining to Micro, Small And Medium Enterprises Act (as per information available with the Group)

	As at March 31, 2022	As at March, 31 2021
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	7.20	5.74
Interest due thereon	-	-
	7.20	**5.74**
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	-	-

Notes to the consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Breakup of financial liabilities carried at amortised cost:

	As at March 31, 2022		As at March, 31 2021	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Borrowings- long-term including current maturities	487.25	487.25	121.26	121.26
Borrowings- short-term	471.68	471.68	48.51	48.51
Payable for capital goods	24.27	24.27	23.10	23.10
Dividend payable	-	-	3.34	3.34
Trade payables	570.41	570.41	347.57	347.57
	1553.61	**1553.61**	**543.78**	**543.78**

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.

19. Other Liabilities

	As at March, 31 2022	As at March, 31 2021
Current		
Statutory remittances	13.54	22.45
Contract liability- advance from customers	311.02	369.48
Others	1.61	1.58
	326.17	**393.51**

20. Revenue from Operations

	For the year ended March 31, 2022	For the year ended March 31, 2021
(A) Revenue from contracts with customers		
Sale of products	3,159.28	2,432.29
	3,159.28	**2,432.29**
(B) Other operating revenue		
- Export benefits	-	26.62
- Others	60.78	5.41
	60.78	**32.03**
Total (A+B)	**3,220.06**	**2,464.32**

(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, 2022	For the year ended March 31, 2021
India	1,177.44	1,135.12
Outside India	1,981.84	1,297.17
	3,159.28	**2,432.29**
Timing of revenue recognition		
Goods transferred at a point of time	3,159.28	2,432.29
Total	**3,159.28**	**2,432.29**

Notes to the consolidated financial statements for the year ended March 31, 2022
(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

(ii) Contract balances

	As at March, 31 2022	As at March, 31 2021
Trade receivable	1359.84	772.78
Retention money	31.53	56.30
Contract asset		
Unbilled revenue	2.36	12.43
Contract liabilities		
Advance from customer	311.02	369.48

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. 347.76 (March 31, 2021: Rs. 130.06). Generally the advance from customers are settled over a period of 1 to 3 years.

21. Other Income

	For the year ended March 31, 2022	For the year ended March 31, 2021
Foreign exchange gain (net)	28.57	-
Interest on bank deposits	34.23	13.10
Liabilities no longer required written back	2.72	-
Profit from sale of mutual funds	4.75	-
Unrealised MTM gain from mutual funds	14.89	-
Miscellaneous income	2.37	-
	87.53	**13.10**

22. Cost of materials consumed

	For the year ended March 31, 2022	For the year ended March 31, 2021
Inventory at the beginning of the year	452.21	397.37
Add: Purchases	1840.23	1072.38
Less: Inventory at the end of the year	(718.39)	(452.21)
	1574.05	**1017.54**

Notes to the consolidated 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, 2022	For the year ended March 31, 2021
Inventory at the beginning of the year	573.23	357.22
Less: Inventory at the end of the year	(984.77)	(573.23)
	(411.54)	**(216.01)**

24. Employee Benefit Expenses

	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, wages and bonus	657.39	488.85
Contribution to provident and other funds [refer note 30 (II)]	27.13	24.28
Gratuity expense [refer note 30 (I)]	9.50	10.08
Staff welfare expenses	13.75	7.19
	707.77	**530.40**

25. Finance costs

	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest expenses		
- Short term borrowings	9.65	33.64
- Long term borrowings	22.44	4.91
- Others	0.46	2.43
Bank charges	33.94	29.03
	66.49	**70.01**

26. Depreciation and amortisation expenses

	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation on property, plant and equipment	137.97	123.09
Amortisation on intangible assets	5.13	2.48
	143.10	**125.57**

Notes to the consolidated financial statements for the year ended March 31, 2022
(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

27. Other Expenses

	For the year ended March 31, 2022	For the year ended March 31, 2021
Sub-contractor charges	80.14	76.95
Production expenses	67.85	30.10
Power and fuel	89.48	67.09
Material testing charges	4.11	3.06
Repairs and maintenance		
- Buildings	17.82	15.45
- Plant and machinery	23.37	17.73
- Others	5.20	3.12
Insurance	7.79	7.97
Rates and taxes	11.09	15.84
Communication	1.99	1.34
Travelling and conveyance	14.55	3.00
Printing and stationary	1.20	1.11
Foreign exchange loss (net)	-	2.46
Freight and forwarding	2.90	2.74
Provision for doubtful receivables and advances	-	-
Business Promotion	2.73	2.63
Legal and professional charges	34.31	20.73
Security Charges	9.37	8.17
Payment to auditors (refer below)	3.50	1.85
Bad debts written off	-	-
CSR expenses	9.65	7.00
Miscellaneous expenses	18.47	13.29
	405.52	**301.64**

Payment to auditors

	For the year ended March 31, 2022	For the year ended March 31, 2021
Statutory audit*	3.50	1.70
Other services	-	0.15
	3.50	**1.85**

** Net of Rs. Nil (March 31, 2021: Rs. 14.75) accrued towards IPO.*

Notes to the consolidated financial statements for the year ended March 31, 2022

(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

Detail of CSR expenditure

	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Gross amount required to be spent by the Group during the year	9.63	6.86
(b) Amount approved by the Board to be spent during the year	9.65	7.00
(c) Amount spent during the year (in cash)	-	-
i) Construction/acquisition of any asset	9.65	7.00
ii) On purposes other than (i) above		
(d) Details related to spent / unspent obligations	-	-
i) Contribution to Public Trust	-	-
ii) Contribution to Charitable Trust	-	-
iii) Unspent amount in relation to:	-	-
- Ongoing project	-	-
- Other than ongoing project	-	-
	-	-

(e) 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, 2022							
Ongoing project	-	-	-	-	-	-	-
Other than ongoing project	-	-	9.63	-	9.65	-	-
March 31, 2021							
Ongoing project	-	-	-	-	-	-	-
Other than ongoing project	-	-	6.86	-	7.00	-	-

Notes to the consolidated financial statements for the year ended March 31, 2022

(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, 2022	For the year ended March 31, 2021
A. Current tax	179.95	110.25
B. Deferred tax		
Tax expense on origination and reversal of temporary difference	(24.82)	42.24
MAT credit utilisation	58.33	20.36
Actual tax expense accounted in books	**213.46**	**172.85**
C. Adjustment of tax relating to earlier periods	-	1.00
Income tax expense recognised in the statement of profit and loss	**213.46**	**173.85**

(ii) OCI Section

	For the year ended March 31, 2022	For the year ended March 31, 2021
Income tax expense to OCI	**(2.39)**	**2.50**

b) Reconciliation of effective tax rate:

	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit before tax (A)	822.20	648.27
Enacted tax rate in India (B)	29.12%	29.12%
Expected tax expenses (C = A*B)	**239.42**	**188.78**
Tax effect of		
Adjustments for taxes with respect of earlier period	-	1.00
Expenses disallowed under Income Tax Act, 1961	1.78	8.87
Impact of change in tax rate for future period	(25.57)	-
Others	(3.00)	(0.75)
Total (D)	**(26.79)**	**9.12**
Expected tax expenses (C+D)	212.63	197.90
Income tax expenses	213.46	187.61
Effective tax rate	25.96%	28.94%

Notes to the consolidated financial statements for the year ended March 31, 2022
(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, 2022	For the year ended March 31, 2021
Profit attributable to equity share holders of Holding Company	608.74	460.66
Weighted average number of equity shares in calculating basic and diluted EPS	30,759,591	27,101,346
Face value of each equity share (Rs.)	10.00	10.00
Basic and diluted earnings per share	**19.79**	**17.00**

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, 2022	For the year ended March 31, 2021
Current service cost	8.42	8.04
Interest cost on defined benefit obligation	9.80	9.71
Interest (income) on plan assets	(8.73)	(7.67)
Net employee benefit expenses	**9.49**	**10.08**

B) Amount recognised in the statement of other comprehensive income (OCI)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Remeasurements- due to experience adjustments	1.68	8.80
Return on plan assets	(0.42)	1.47
Remeasurements- due to financial assumptions	(4.39)	(1.70)
	(3.13)	**8.57**

C) Amount recognised in the balance sheet

	As at March 31, 2022	As at March 31, 2021
Defined benefit obligation	153.30	146.84
Fair value of plan assets	130.71	131.02
Net defined benefit liability	**22.59**	**15.82**

Notes to the consolidated financial statements for the year ended March 31, 2022

(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, 2022	As at March 31, 2021
Opening defined benefit obligation	146.84	140.97
Interest cost	9.80	9.71
Current service cost	8.42	8.04
Net actuarial (losses) / gains on obligations recognised under OCI	(2.71)	7.10
Benefit payments from plan assets	(9.05)	(18.98)
Closing defined benefit obligation	**153.30**	**146.84**

E) Changes in the fair value of plan assets

	As at March 31, 2022	As at March 31, 2021
Opening fair value of plan assets	131.02	103.82
Interest income	8.73	7.67
Remeasurements- return on assets	(0.42)	(1.47)
Contributions by employer	0.43	39.98
Benefit payments from plan assets	(9.05)	(18.98)
Closing fair value of plan assets	**130.71**	**131.02**
Expected contribution to the gratuity fund during the next year would be Rs. 22.64 (March 31, 2021: Rs. 15.86)		
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, 2022	As at March 31, 2021
Discount rate	7.35%	6.89%
Rate of increase in compensation	5.00%	5.00%
Employee attrition rate	5.00%	5.00%
Mortality rate	Indian assured life mortality (2012-14)	Indian assured life mortality (2012-14)

(ii) Disclosure related to indication of effect of the defined benefit plan on the Group's future cash flow

	As at March 31, 2022	As at March 31, 2021
1 year	18.30	12.27
2-5 years	70.49	68.27
6-10 years	78.91	77.88

The weighted average duration of the defined benefit obligation is 7.09 years (March 31, 2021: 10.07 years).

Notes to the consolidated financial statements for the year ended March 31, 2022

(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, 2022	As at March 31, 2021
(a) Effect of 1% change in assumed discount rate		
- 1% increase	(8.24)	(8.85)
- 1% decrease	10.44	9.98
(b) Effect of 1% change in rate of increase in compensation		
- 1% increase	11.65	10.85
- 1% decrease	(9.18)	(9.80)
(c) Effect of 1% change in assumed attrition rate		
- 1 % increase	1.24	1.04
- 1 % decrease	(1.37)	(1.16)

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. 27.32 (March 31, 2021: Rs. 24.28) for provident fund contributions in the statement of profit and loss. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.

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

31. The Group is closely monitoring the impact of COVID-19 pandemic on all aspects of it's business, including how it will impact its customers, employees, vendors and business partners. The Group based on the information available to date, both internal and external, considered the uncertainty relating to the COVID-19 pandemic in assessing its impact. Based on the current estimates, the Group expects to fully recover the carrying amount of assets and does not foresee any significant material adverse impact on its operations. As the outbreak continues to evolve, the Group will continue to closely monitor any material changes to future economic condition.

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. 659.16 (March 31, 2021: Rs. 209.29).

b. Contingent liabilities

Claims against the Group not acknowledged as debts (excluding interest arrears) is amounting to Rs. 22.67 for March 31, 2022 (March 31, 2021: 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, 2022

(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 29.

ii. Taxes

Deferred tax asset, comprising of Minimum Alternative Tax (“MAT”) credit is recognised to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward and sufficient taxable profit will be available against which the MAT credit can be utilised. Significant management judgement is required to determine the amount of MAT credit that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

iii. Depreciation of property, plant and equipment and amortization of Intangible assets

Depreciation of property, plant and equipment and amortization of intangible assets is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values as estimated by the management. The management 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 advices 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, 2022

(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. 1,393.73 (March 31, 2021: Rs. 841.51) 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. 677.37 (March 31, 2021: Rs. 1,918.34) and (iii) other financial assets of Rs. 46.90 (March 31, 2021: Rs. 69.61).

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. 999.57 for March 31, 2022 (March 31, 2021: Rs. 519.03).

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. 677.37 (March 31, 2021: Rs. 1,918.34) 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, 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**
March 31, 2021				
Borrowings	98.51	71.26	-	169.77
Trade payables	347.44	-	-	347.57
Other financial liability	26.44	-	-	26.44
	472.52	**71.26**	**-**	**543.78**

The cash credit facility amounting to Rs. 471.68 (March 31, 2021: Rs. 48.51), 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, 2022

(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, 2022	USD	13.30	75.81	1,007.89
March 31, 2021	USD	7.19	73.50	528.57
Cash and cash equivalents				
March 31, 2022	USD	0.03	75.81	2.59
March 31, 2021	USD	0.27	73.50	19.73
Export packing credit				
March 31, 2022	USD	3.11	75.81	235.76
March 31, 2021	USD	-	73.50	-
Trade payables				
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
March 31, 2021	USD	2.95	73.50	216.22

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, 2022	1%	1%	3.82	(3.82)
March 31, 2021	1%	1%	3.32	(3.32)

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.

Notes to the consolidated financial statements for the year ended March 31, 2022

(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 Group's profit for the year end ended March 31, 2022 would decrease / increase by Rs. 9.59 (March 31, 2021: Rs. 1.70).

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 he 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, 2022	As at March 31, 2021
Borrowings	958.93	169.77
Less: Cash and cash equivalents excluding balance with monitoring agency account	(155.22)	(191.38)
Net debt (A)	**803.71**	**(21.61)**
Equity (B)	**5,197.39**	**4,767.40**
Equity and net debt (C) = (A) + (B)	**6,001.10**	**4,745.79**
Gearing ratio (A) / (C)	**13.39%**	**(0.45%)**

36. Related party disclosures

Names of related parties and description of relationship
(a) Subsidiary Company

Magnatar Aero Systems Private Limited

(b) Key managerial personnel

Parvat Srinivas Reddy, Managing Director (Managing director w.e.f. September 01, 2020)
Vamshidhar Reddy Kallem, Director (Director upto December 14, 2020)
Mathew Cyriac, Director (Director upto May 10, 2022)
Venkatasatishkumar Reddy Gangapatnam, Director
A. Praveen Kumar Reddy (appointed w.e.f. March 14, 2020)
P. Kalpana Reddy (Director upto August 18, 2020)
Dr. C. Sukesh Kumar Reddy (Director upto August 25, 2020)
M. Anushman Reddy, Director (Director upto October 19, 2020)
P. Simhadri Reddy (Director upto October 19, 2020)
Rohith Loka Reddy (Director upto October 19, 2020
Devesh Dhar Dwivedi, Chief operating officer (Chief financial officer upto August 31, 2020)
Abhaya Shankar, Chief executing officer (Resigned w.e.f. May 09, 2020)
Sudipto Bhattacharya, Chief financial officer (From September 01, 2020 to November 01, 2021)
Gunneswara Rao Pusarla, Chief financial officer (w.e.f. November 08, 2021)
Shubham Sunil Bagadia, Company secretary (appointed on October 20, 2020)

Notes to the consolidated financial statements for the year ended March 31, 2022
(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
- 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, 2022	For the year ended March 31, 2021
A. Transactions with related parties		
Remuneration*		
M. Anushman Reddy	-	2.57
Parvat Srinivas Reddy	24.00	8.50
Devesh Dhar Dwivedi	-	5.74
Abhaya Shankar	-	0.41
A. Praveen Kumar Reddy	-	1.29
A. Pranay Kumar Reddy	0.64	1.57
Shubham Sunil Bagadia	0.79	0.24
Sudipto Bhattacharya	4.43	2.92
Professional charges		
Parvat Srinivas Reddy	-	2.25
Sitting fees		
Dr. C. Sukesh Kumar Reddy	-	0.01
Venkatasatishkumar Reddy Gangapatnam	0.54	0.39
Vamshidhar Reddy Kallem	-	0.01
M.Anushman Reddy	-	0.01
P. Simhadri Reddy	-	0.01
Parvat Srinivas Reddy	-	0.01
Rohith Loka Reddy	-	0.01
P. Kalpana Reddy	-	0.01
A. Praveen Kumar Reddy	0.38	0.38
Mathew Cyriac	0.70	0.47
Padmashri Nagarajan Vedachalam	0.58	0.42
B V R Subbu	0.62	0.34
A. Krishna Kumar	0.74	0.54
Ameeta Chatterjee	0.74	0.50
U C Muktibodh	0.46	0.50
V.G. Sekaran	0.58	0.50
Rent Expense		
K. Shalini	-	0.10

Notes to the consolidated financial statements for the year ended March 31, 2022
(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

*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.

#The above transactions do not include IPO related expenses and its recoverable balances, incurred on behalf of related parties as selling shareholders in Offer for Sale. Refer note 39 of the consolidated financial statements for details IPO expenses incurred by the Holding Company and allocated to selling shareholders.

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, 2022	For the year ended March 31, 2021
India	1,177.44	1,135.12
Outside India	1,981.84	1,297.17
Total	**3,159.28**	**2,432.29**

(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, 2022	2	2,321.58
For the year ended March 31, 2021	2	1,704.93

Notes to the consolidated financial statements for the year ended March 31, 2022
(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
Magnatar Aero Systems Private Limited	Specialising in the manufacture of domestic	India

Ownership interest held by the group %

March 31, 2022	100%
March 31, 2021	100%

b) Additional information, as required under schedule III of the Companies Act, 2013, as required enterprises considered as subsidiary.

Summary of net assets and profits

Net Assets

Name the entity	As at March 31, 2022		As at March 31, 2021	
	% age	Amount	% age	Amount
A. Holding Company	100.00%	5,197.64	100.00%	4,767.57
B. Subsidiary				
Magnatar Aero Systems Private Limited	0.00%	(0.26)	0.00%	(0.07)
Total	**100.00%**	**5,197.38**	**100.00%**	**4,767.50**
Consolidation adjustments	0.00%	0.01	0.00%	(0.10)
Net Amount	**100.00%**	**5,197.39**	**100.00%**	**4,767.40**

Share of profit / (loss)

Name the entity	As at March 31, 2022		As at March 31, 2021	
	% age	Amount	% age	Amount
A. Holding Company	100.01%	608.81	100.04%	460.83
B. Subsidiary				
Magnatar Aero Systems Private Limited	-0.01%	(0.07)	-0.04%	(0.17)
Total	**100.00%**	**608.74**	**100.00%**	**460.66**
Consolidation adjustments	0.00%	-	0.00%	-
Net Amount	**100.00%**	**608.74**	**100.00%**	**460.66**

Share in other comprehensive income / (loss)

Name the entity	As at March 31, 2022		As at March 31, 2021	
	% age	Amount	% age	Amount
A. Holding Company	100.00%	5.82	100.00%	(6.07)
B. Subsidiary				
Magnatar Aero Systems Private Limited	0.00%	-	0.00%	-
Total	**100.00%**	**5.82**	**100.00%**	**(6.07)**
Consolidation adjustments	0.00%	-	0.00%	-
Net Amount	**100.00%**	**5.82**	**100.00%**	**(6.07)**

Share in total comprehensive income / (loss)

Name the entity	As at March 31, 2022		As at March 31, 2021	
	% age	Amount	% age	Amount
A. Holding Company	100.01%	614.63	100.04%	454.76
B. Subsidiary				
Magnatar Aero Systems Private Limited	-0.01%	(0.07)	-0.04%	(0.17)
Total	**100.00%**	**614.56**	**100.00%**	**454.59**
Consolidation adjustments	0.00%	-	0.00%	-
Net Amount	**100.00%**	**614.56**	**100.00%**	**454.59**

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.

40 Issue of shares

(i) Issue of shares via Initial Public Offering (IPO)

The Holding Company, in the previous year, 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 Holding Company got listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on March 15, 2021.

The IPO Expenses incurred Rs. 379.30 (inclusive of taxes) have been proportionately allocated between the selling shareholder and the Holding Company. The Holding Company's share of expenses (net of tax), Rs. 66.53 has been adjusted against securities premium and balance amount is recoverable from the selling shareholders.

(ii) Issue of shares via Private placement

The Holding Company, in the previous year, 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 million. The Holding Company has incurred Rs. 26.34 as share issue expenses (net of tax) which has been set off against the securities premium.

(iii) IPO utilisation

The details of utilization of IPO proceeds and pre-IPO placement are as follows:

Particulars	As at March 31, 2022			As at March 31, 2021		
Repayment / prepayment in full or in part of borrowings availed by the Holding Company	630.00	630.00		630.00	586.87	43.13
Funding for working capital requirements	950.00	620.00	330.00	950.00	-	950.00
General corporate purposes	549.23	451.44	330.00	549.23	-	549.23
Total utilised / un-utilised funds	**2,129.23**	**1,701.44**	**427.79**	**2,129.23***	**586.87**	**1,542.36***

IPO proceeds which were unutilised as at end of the year are in Monitoring agency account amounting to Rs. 427.79 (March 31, 2021: Rs. 1,540.23).

* Includes balance of Rs. 2.13 in IPO Escrow Account.

Notes to the consolidated financial statements for the year ended March 31, 2022
(All amounts are in Indian rupees in millions except share data and unless otherwise stated)

41. Ratio analysis and its elements

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% Change	Reason for variance (above 25%)
(i) Current Ratio	Current assets	Curent liabilities	2.80	4.46	-37%	The variance mainly on account of increase in borrowings during the year.
(ii) Debt- Equity Ratio	Total debt	Shareholder's equity	0.18	0.04	418%	The variance mainly on account of increase in borrowings during the year.
(iii) Debt Service Coverage ratio	Net profit + depreciation + interest expense	Debt service	15.68	2.45	541%	The variance mainly on account of increase in borrowings during the year.
(iv) Return on Equity Ratio	Net profits after taxes	Average shareholder's equity	12.22%	13.13%	-7%	
(v) Inventory Turnover Ratio	Cost of goods sold	Average inventory	0.85	0.90	-5%	
(vi) Trade Receivable Turnover Ratio	Revenue from operations	Average trade receivable	3.02	3.55	-15%	
(vii) Trade Payable Turnover Ratio	Net credit purchases	Average trade payable	4.01	3.28	22%	
(viii) Net Capital Turnover Ratio	Revenue from operations	Working capital	1.08	0.80	36%	The variance mainly on account of increase in borrowings during the year.
(ix) Net Profit Ratio	Net Profit after tax	Revenue from operations	18.90%	18.69%	1%	
(x) Return on Capital Employed	Profit before interest and taxes	Net worth + total debt	13.88%	13.91%	0%	
(xi) Return on Investment	Gain from investment	Investment	3%	0%	100%	The variance is due to investment in mutual funds made in current year.

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) or
(b) provide any guarantee, security or the like to or on behalf of the 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) or
(b) provide any guarantee, security or the like on behalf of the 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

xi) Previous year figures have been regrouped / reclassified, where necessary, to confirm to the current years' classification.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered accountants
ICAI Firm registration number: 101049W/E300004

per Navneet Rai Kabra
Partner
Membership no: 102328

Hyderabad
Date: May 24, 2022

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 24, 2022

Notes

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MTAR®

Building Nation with Exceptional Engineering