ANNUAL REPORT - 2021

Craftsman
AUTOMATION

ENGINEERING ADVANTAGE

CONTENTS

For most, the mind is their weakest. It is scared of stepping out of the known. It fears darkness. It resists tectonic shifts. Hence, boundaries are always built in the mind first. Limiting us to explore the limitless possibilities that could reshape our world. At Craftsman Automation, we have trained our mind to embrace challenges that are harder than what we are accustomed to; to venture into the unknown; to push us out of our comfort zone; to dream with open eyes.

This has allowed us..

- To think 'opportunity' when some remain occupied with challenges.
- To devise lateral solutions when others persisting with the linear.
- To think 'tomorrow' when most are thinking 'today'.

Our ability to think **Beyond perceived Boundaries** is what has got us this far. It is this culture that will continue to drive us forward.

About Craftsman Automation

A diversified engineering company with niche capabilities that allow it to partner with global OEMs operating in India across the value chain – from design and development to manufacturing and just-in-time supply.

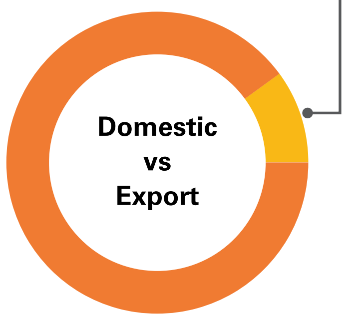
A Coimbatore-based organisation with more than three decades of experience in catering to the complex and dynamic requirements of the automotive and industrial sectors.

1,546

Revenue (₹ Crore)

1,387 (90%) Total Domestic Revenue

159 (10%) Total Export Revenue



9% CAGR Revenue growth

2021: 1,546 (₹ Crore)

2017: 1,093* (₹ Crore)

* Excluding Excise Duty.

18% CAGR EBITDA growth

2021: 447 (₹ Crore)

2017: 234 (₹ Crore)

20% CAGR EBIT growth

2021: 255 (₹ Crore)

2017: 122 (₹ Crore)

447 EBITDA (₹ crore)

255 EBIT (₹ crore)

97 Net Profit (₹ crore)

1,577 Capital employed, March 31, 2021 (₹ crore)

2,996 Market capitalisation, March 31, 2021 (₹ crore)

Certified for international quality management systems

ISO 9001:2008 | ISO/TS 16949:2009 | ISO 14001:2004

Our Mission

We are a leading engineering organisation engaged in the manufacturing of precision components, where quality is at the heart of every aspect of each component that we make at the benchmark of reliability.

We are engineers and inventors. We Design, Develop and Manufacture engineering products offer inventive solutions using state-of-the-art engineering technology and efficient manpower to meet the requirements of our customers.

Awards and Recognition

- **GE India Supplier Conference – “Quality Excellence Award”**
- **Tata Motors Annual Supplier Conference – “Quality excellence Award” in 2019**
- **Mahindra Supplier Excellence - “Best Product Development Performance - Furio”**
- **“Certificate of Excellence in Partnership” by Daimler India**
- **“Suppliers Excellence Award for New Product Development” by Faiveley Transport**
- **Tata Motors Annual Supplier Conference 2018 - “Award for Quality”**
- **“Certificate of Appreciation” status by Ashok Leyland**
- **“Certificate of Excellence in machining category” award by BEML Limited in Fiscal 2019**
- **“Annual Commodity Award in casting and forging for automotive division” by Mahindra & Mahindra**
- **“Appreciation for best overall performance award” in Fiscal 2018 by Siemens**
- **“Suppliers Summit-2018” award in recognition for outstanding business alignment for defence business in Fiscal 2018 by Ashok Leyland.**

Our Journey

1986

Established "Craftsman Automation Pvt. Ltd."

2001-2006

Aluminium Foundry Unit at Kurichi

Satellite Unit at Pithampur

ISO 9001: 2000 & ISO/ TS 16949:2002 registration certification

2007-2011

Joint Ventures With Carl Stahl & Mitsubishi.

'Star Export House' registration certification.

Subsidiary Craftsman Europe B.V, Netherlands

Satellite units at Sriperumpudur, Jamshedpur, Pune & Faridabad.

2012-2016

Storage Solutions in Arasur, Coimbatore

Second satellite unit at Pune

Technology Division & HPDC Foundry at Bengaluru

Aluminium Sand Foundry, HPDC & LPDC In Arasur, Coimbatore

2017-2020

Machining Services at Bengaluru

Converted into public limited company "Craftsman Automation Limited"

Storage product manufacturing plant at Pune

2021

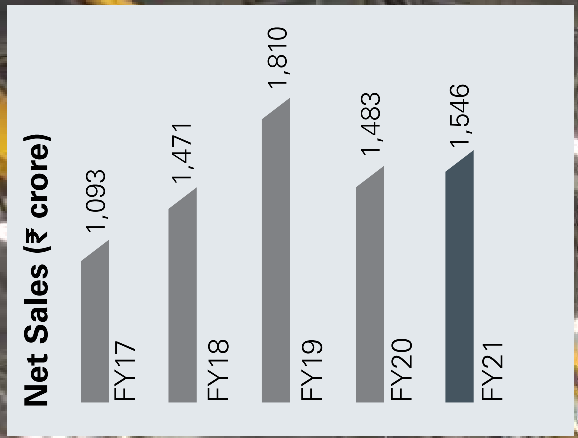
IPO launched in March

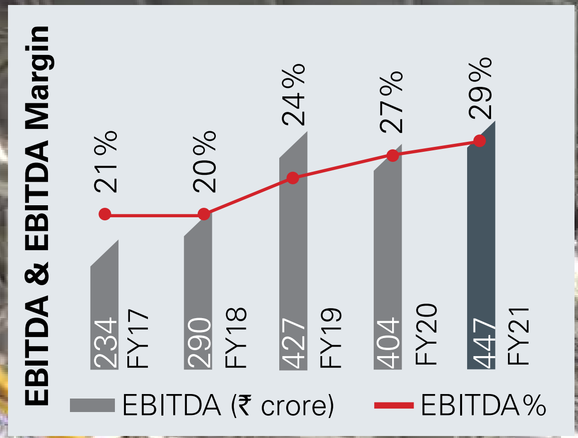
Equity shares listed on BSE & NSE

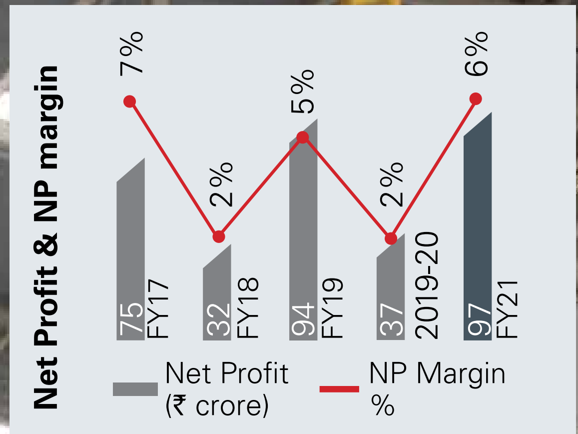
Key Performance Indicators

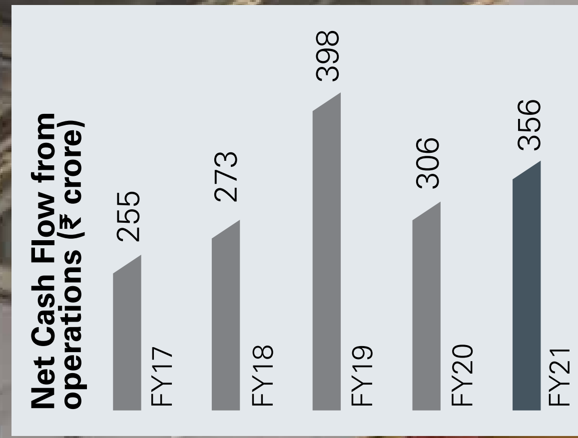
Striding ahead

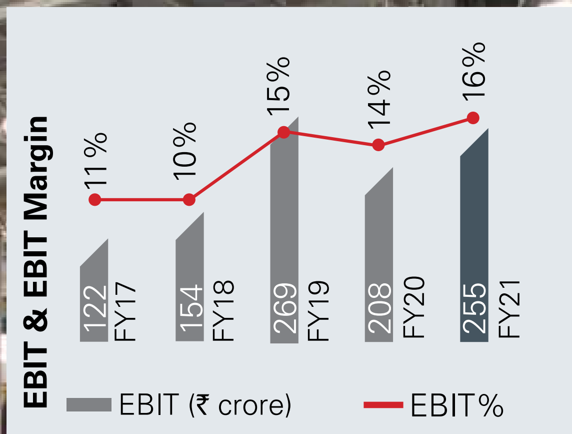
Craftsman Automation has remained steadfast on its growth journey across key performance metrices despite hurdles posed by the significant headwinds prevailing in the economic and sectoral environment. A comparative, five-year summary of key performance indicators highlights the Company's ability to stand out of the clutter.

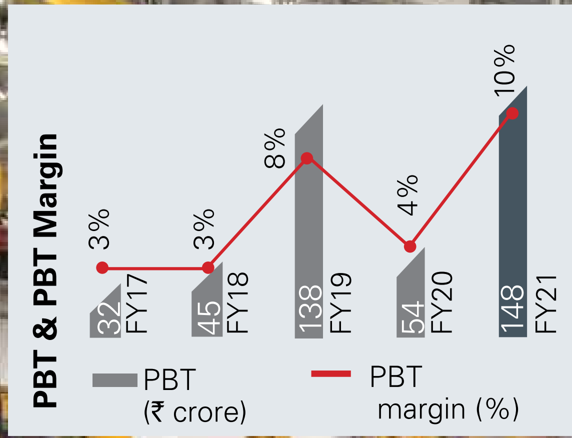


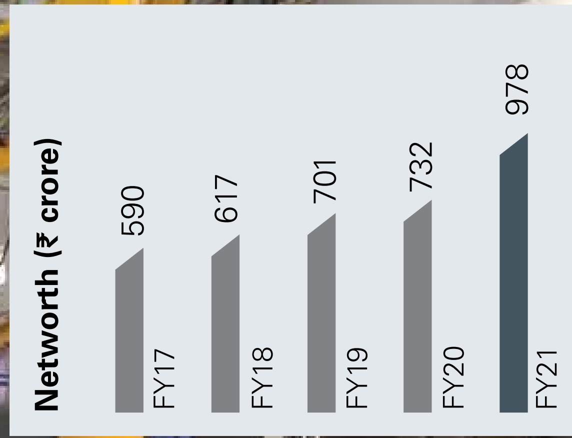


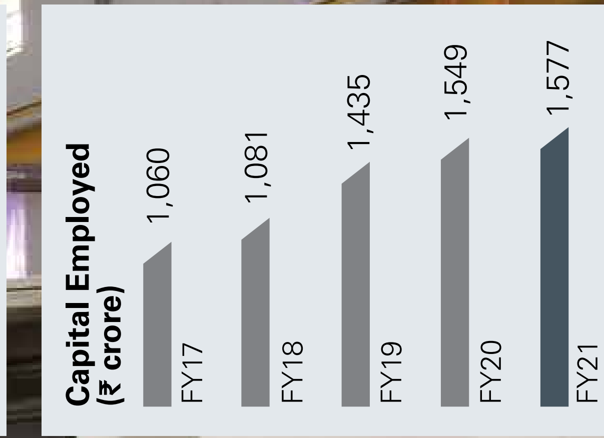












From the desk of the Chairman & Managing Director

We will continue to work diligently in our efforts towards turning headwinds into tailwinds that will take us a few notches higher.

Dear Shareholders,

I am addressing you at a time when India which has registered a remarkable recovery from the economic and social abyss caused by the untamed spread of COVID-19 virus in 2020, is now experiencing a more aggressive and widespread second wave of the pandemic. It's a formidable battle that our passionate healthcare community, frontline warriors are engaged in and I express my deepest respect for their gallant efforts.

FY21 was a very challenging period for us too. And I am happy to state that we stood upto the challenge with grit and determination to deliver healthy growth in revenue and profits.

But the lasting memory of FY21 was that it showcased important positives about Craftsman as an organisation.

It tested our metal to manage the unknown. When the lockdown was announced, we did not panic. We did not take any knee jerk reaction. We did what most others had done – reducing costs, keeping our operations lean and optimising working capital requirements – and we did it well.

It tested the passion of our team. We did not let up on our commitments towards our customers. Our people ensured that supplies to customers continued even as we adhered to all Government protocols. This has built considerable respect for the Craftsman brand as a reliable all-weather partner. This recall will help us increase our wallet share with them over the coming years.

It tested the solidness of our business model. The power of our platforms (business verticals) helps sustain our business growth even when the fortunes of one user sector dips. Hence, with only 10 months of operations in FY21 we surpassed our FY20 benchmark.

And, it also tested the ability of the organisation to remain liquid. Despite practically no operations in the first couple of months in FY21, we were able to manage our fund requirement well without availing of any emergency loans or any RBI approved moratorium. I must also mention that our bankers were very supportive during this period. We stuck to our goals, generated business, focused on timely liquidation of our receivables and built our liquidity war chest. Interestingly, we repaid about ₹200 crore debt and invested more than ₹100 crore in capex – all funded by our internal accruals.

These realities give us the confidence that the organisation and its team is ready to take on any challenge that may occur over the coming years.

The high point of FY21 was the listing of Craftsman Automation on the Stock Exchanges. We generated ₹150 crore from our IPO – a major part of the funds were used in deleveraging the organisation – strengthening the organisational edifice to take bigger strides over the coming years.

Going forward

Events like this pandemic bring in their wake, crises of unprecedented proportions as also opportunities like neverbefore. We see one such opportunity in the storage solution space. With the rapid growth of e-commerce across verticals (retail, groceries, pharma and many other spaces), organised warehousing is gaining traction. This augurs well for our storage solutions vertical. Moreover, we have rejuvenated our product offering in this vertical with additional features and customised solutions. We hope to build this vertical in coming years.

The shift of the automotive sector to the BS-VI standard in FY21 (despite the onset of Covid) has opened significant opportunities. Our initial efforts in aligning with this new standard have yielded heartening business returns; I am confident that our initial success will provide more interesting growth opportunities over the coming years. We also remain focused on growing our Automotive - Aluminium Product vertical, which we believe, will emerge as an important growth driver for the Company over the medium term.

But my optimism is subject to the second wave of Covid-19 which is inflicting a deeper impact on India – in terms of lives, livelihoods and economic deceleration. As such, our business operations and performance could be impacted in FY22. I have no doubt that we will continue to work diligently in our efforts towards turning headwinds into tailwinds taking us a few notches higher.

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

We solicit your support in our future endeavours. Stay Safe.

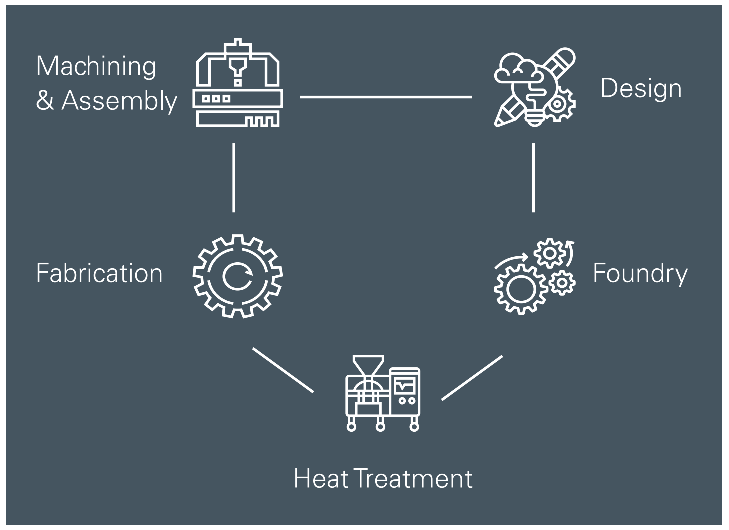
Warm regards,

Srinivasan Ravi
A fellow shareholder

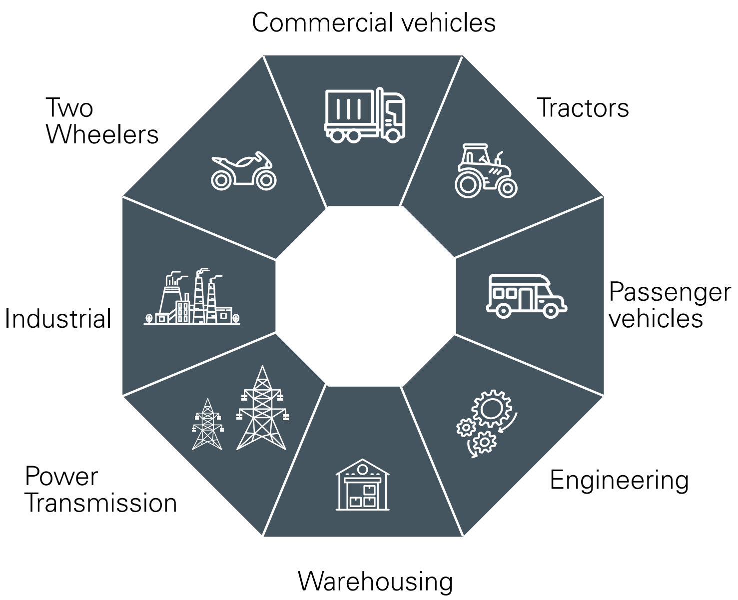
Our Competitive Moat

1 Diversified engineering company with a focus on providing comprehensive solutions.

Diversified capabilities



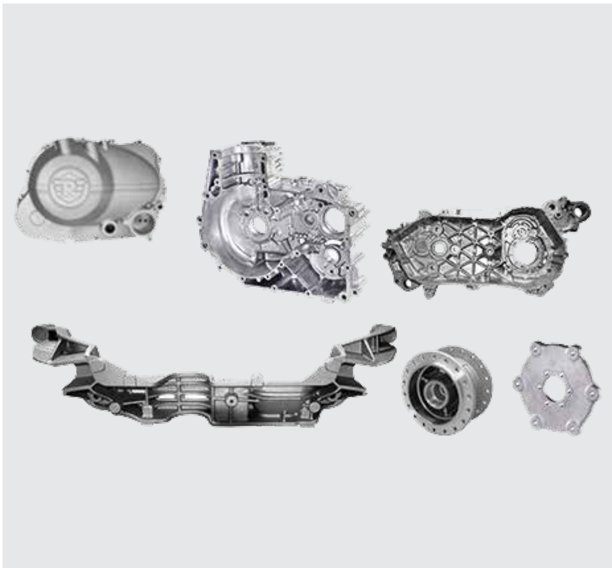
Diversified user segment



Diversified products

Automotive – Powertrain and Others

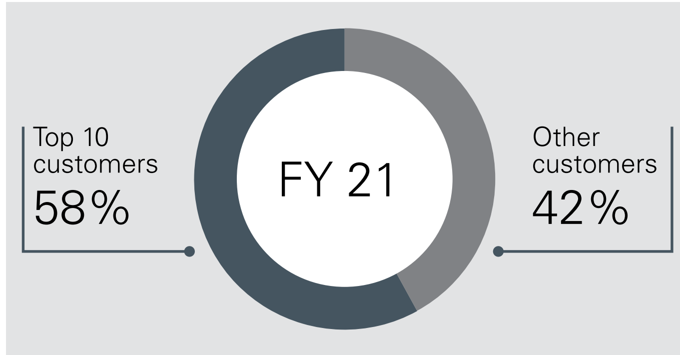
Automotive – Aluminium Products



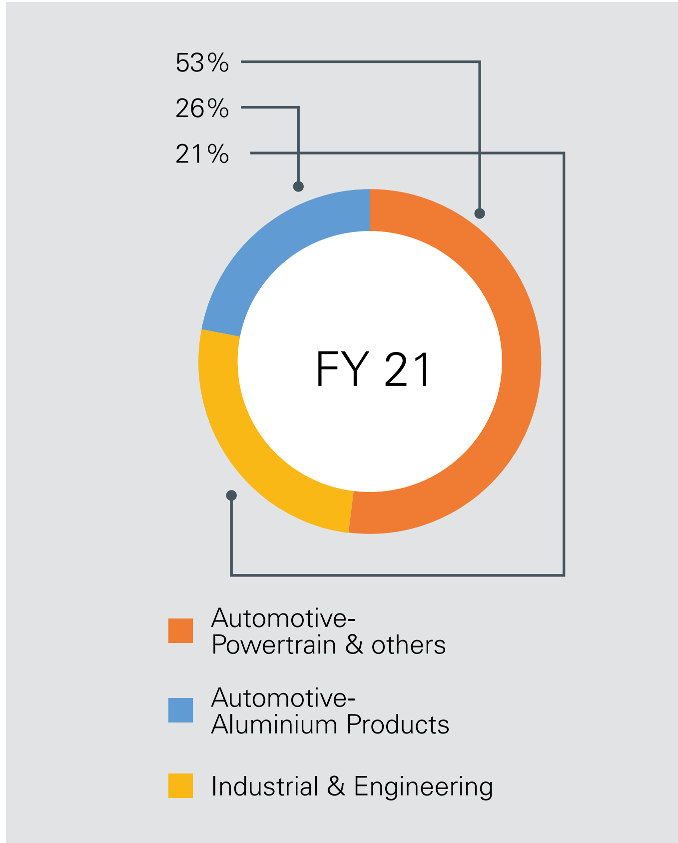
Diversified products

Industrial & Engineering Segment

Diversified customer base

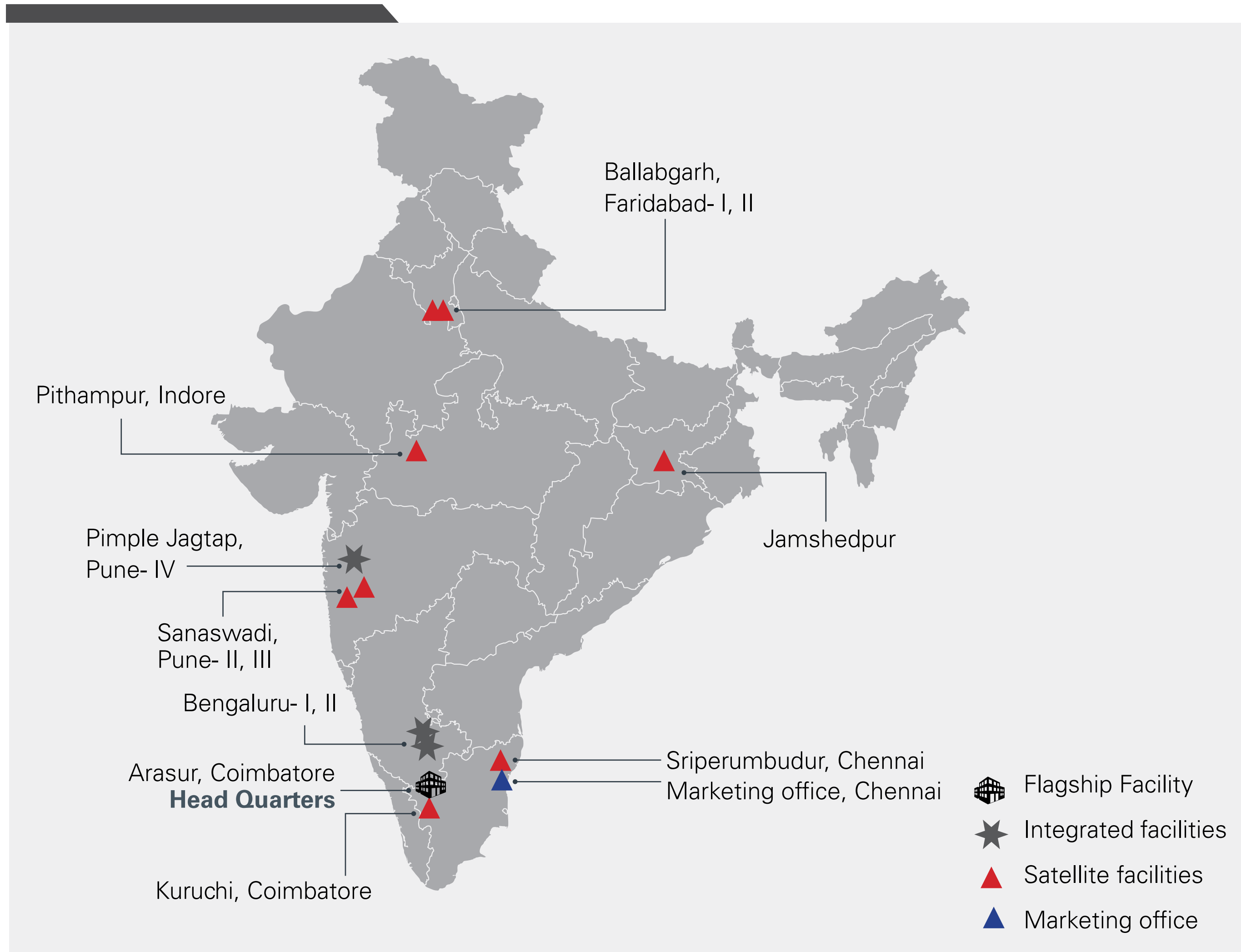


Leading to a diversified revenue basket



2 Extensive manufacturing footprint and proximate to key customers, enabling just-in-time delivery

Our pan-India manufacturing presence



provides significant advantages

1) Total built up area of over 1.5 million sq. ft.

2) State of the art equipment, engineered layout with process controls and necessary automations for quality and productivity.

3) Recently set up a new unit in Pune with high-end fully automated equipment from Italian and Swiss manufacturers.

4) Just-in -time delivery schedules.

5) Economies of scale and logistical advantages for customers.

6) Insulate customers from local supply or other disruptions

3 Strong in-house process and product design capabilities...

Product and Part - Design & Simulation

Manufacturing Process Design, tool (die) & fixture design and manufacturing

Special Purpose Machine Design & Manufacturing

Aluminium casting - High pressure, Low pressure, Gravity and Sand Casting

Machine, Metal Forming, Heat Treatment, Gear Manufacturing, Sheet Metal Fabrication and Powder Coating

Assembly & Quality Assurance and Testing

...coupled with significant flexibility in manufacturing equipment.

Presence across value chain
Product design, prototyping, tool development, manufacturing, assembly and production of integrated components

Flexible plant configuration
Machinery is equipped for both individual and diversified processes

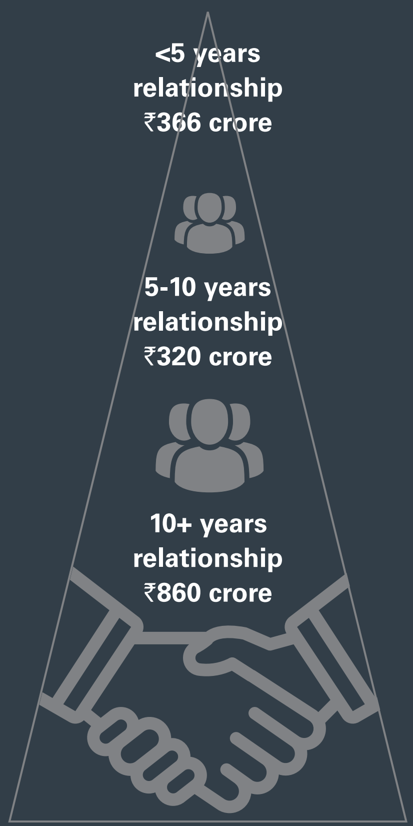
Interchangeable usage of machinery
Enables the Company to optimise machine tool productivity, operational efficiency and time management

Dedicated production lines
Based on the size and frequency of the orders of their customers

4 Large and growing list of marquee domestic & global OEMs…

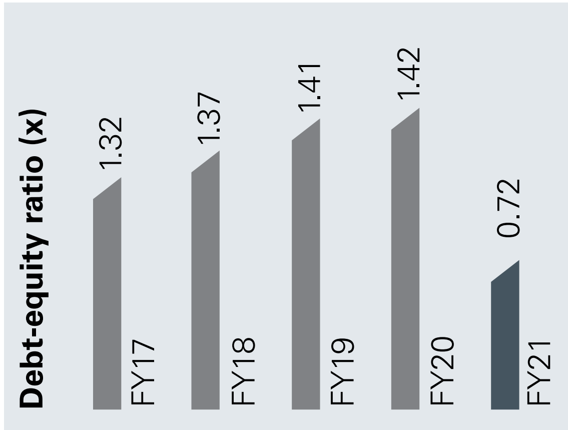
…coupled with the demonstrated ability to retain existing customers as well as add new customers.

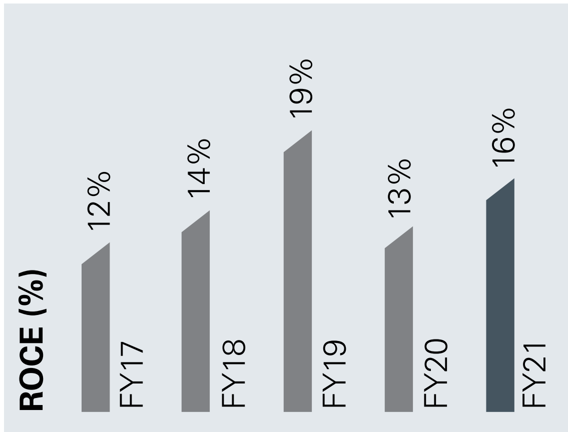
FY21 Revenue concentration based on customer relationships



150+
customers added in FY21

These factors have helped in growing business profitability even as it strengthened the organisation's financial edifice.





Our business and its performance

Craftsman Automation is a diversified engineering company with vertically integrated manufacturing capabilities, engaged in three business segments, namely powertrain and other products for the automotive segment (Automotive- Powertrain and Others), aluminium products for the automotive segment (Automotive – Aluminium Products), and industrial and engineering products segment (Industrial and Engineering).

Automotive – Powertrain and Others

811
Revenue (₹ crore)

53%
Share of overall revenue

10
Operating units

Powertrain and Others segment is highly engineered and require advanced manufacturing processes to maximise end user performance.

Under this segment, Craftsman develops engine parts such as cylinder block, cylinder head, camshafts, transmission parts, gear box housings, turbo charges and bearing caps.

This is the flagship division of the Company, catering to diverse categories within the automotive segment and serving the needs of marquee clients in both domestic and export markets. Its manufacturing facilities are located strategically near the major automotive manufacturing hubs of Pune, Chennai, Faridabad- NCR, Indore, Jamshedpur and Bangalore, to provide Just in Time (JIT) supply to its customers.

Segmental presence

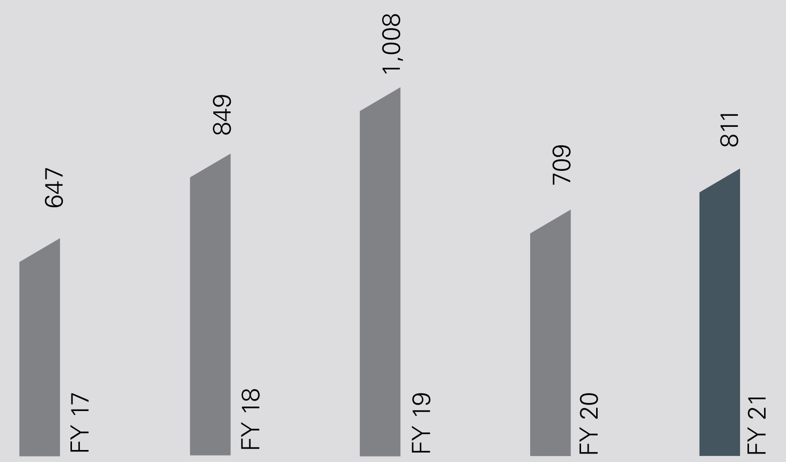
Commercial Vehicles

Special Utility Vehicles

Tractors

Off-highway Vehicles

Revenue (₹ crore)



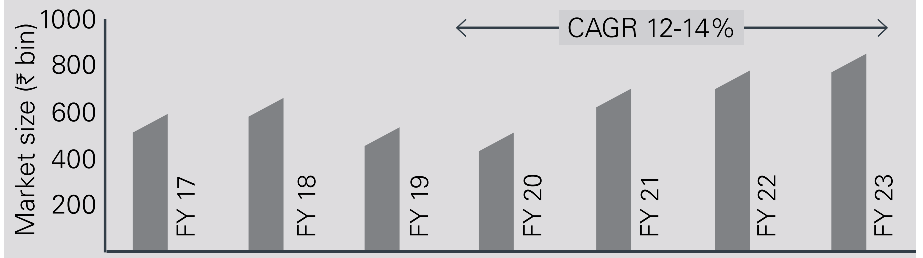
FY21: Key highlights

- Achieved the machining of 6 cylinder Block for HDT application for top customers; emerged as the single source for machining of 4 cylinder block in fully finished condition for MDT application to be used for exports to certain geographies
- Set up a manufacturing line for a BS6 compliant, 4-cylinder block to be fitted in a global OEM's MUVs & LCVs
- Received business from a leading domestic customer for rough machining of Block, Head & Bed plate for their 5-litre engine to be deployed in their BS6 compliant vehicles.
- Invested in a new technology for Inspection of BS6 Honing operation
- Upgraded our capabilities to meet Tier 4 norms for all Blocks & Heads machined for tractor application
- Awarded the machining business for the Next Gen 2L Gasoline & 2.2L Diesel Engine Block by a leading domestic customer
- Awarded the Best Appreciation award -THAR for excellent support provided in launch & ramp-up of THAR despite pandemic

Optimism

The Powertrain market is expected to clock 12-14% CAGR during fiscals 2020 to 2024. Fiscal 2021, though, is expected to be affected by a drop in domestic demand as well as subdued exports owing to disruptions in the economies caused by the Covid-19 pandemic globally.

Powertrain market to grow at a stable pace post a dismal FY21



Source: CRISIL Research

Niche positioning

- Largest player in machining of cylinder blocks and cylinder heads in the intermediate, M&HCV segment as well as in the construction equipment category.
- Amongst the top three-four component players in machining of cylinder block for tractor segment in India.

Automotive – Aluminium Products

330	21%	2
Revenue (₹ crore)	Share of overall revenue	Operating units

Craftsman's key products in the Automotive – Aluminium Products segment include highly engineered products that consists of Crank Case and Cylinder Blocks for two wheelers, engine and structural parts for passenger vehicles and gear box housing for heavy commercial vehicle.

It also supplies high pressure, low pressure, gravity and sand aluminium die castings, precision machined in ready-for-assembly condition to major OEMs.

Die casting capabilities are strengthened by its state-of-the-art painting and powder coating facilities along with in house tool room with complete facilities for tool design, casting simulation and tool manufacturing facilities, making Craftsman a one-stop shop for all your aluminium part requirements.

Within this business vertical, the Company undertakes product sales and machining services, and cater directly to domestic and export markets.

Process capabilities

- Design & Development
- Foundry & casting
- Precision machining & assembly(CNC machining, testing etc.)
- Finishing

End-user sectors

Two-Wheelers
- Crank case
- Cylinder blocks

Passenger vehicles
- Engines
- Structural parts

Commercial vehicles
- Gear box housings

Revenue (₹ crore)

FY21: Key highlights

- Received business nomination from a leading domestic SUV customer for manufacturing of Aluminium Gearbox housings for the compact Tractor.
- Awarded, by a leading domestic buyer, orders for supply of aluminium engine parts for their localisation project in India.
- Initiated supplies of crankcases and head lamp casing to a leading two wheeler manufacturer for their recently launched series engines.
- Received orders for multiple products from a leading domestic two wheeler manufacturer for their domestic and export vehicles.
- Received orders for supply of a number of products from various OEMs from the foundry unit.

Optimism

Aluminium Products segment include the usage of non-ferrous metals like aluminium to reduce the weight of vehicles, growth in automobile sales and cost competitiveness. In line with automotive demand, the aluminium castings market is estimated to grow at a CAGR of 3-5% to reach 0.45-0.55 million MT by FY2024 in terms of tonnage; it is expected to record a CAGR of 6-8% to reach ₹220-225 billion by FY24 in terms of value. (Source: CRISIL Report)

Industrial & Engineering

405	26%	3
Revenue (₹ crore)	Share of overall revenue	Operating units

The Industrial and Engineering vertical is essentially a non-automotive business vertical which caters to diverse user sectors – it prudently reduces the Company's dependence on the automotive sector. The Company has divided it into two sub-segments, namely, High-End Sub-Assembly, Contract Manufacturing & Others and Storage Solution.

	High end sub-assembly, contract manufacturing & others					Storage Solutions
	SPM	Material handling	Gear & Gear boxes	Tool room, mould base & Sheet metal	Aluminium - Casting for power transmission	Pallets, racking, shelving and vertical storage solutions (V-Store), roll-form products and Automated Storage and Retrieval Systems
Products	Metal cutting, drilling and milling machines among other SPMs	Chain, wire rope & grab hoists, crane kits, pallet trucks and light crane systems	Transmission & housing components	Mould base, plastic moulding tools, dies, sheet metal casing and housings	Machined castings for GIS	
Applications	Automotive	Process Industries Automotive Foundries	Elevators Metro Compressors & Printing Machines Automotive Steel Rolling Mills	Engineering Automotive	Power Transmission & Distribution	FMCG E-commerce Food & beverages Logistics Pharmaceuticals Electronics

In recent years, Craftsman forayed into the high margin storage solution with a slew of products that cater to the warehousing sector, in keeping with the huge demand for sophisticated warehousing solutions to cater growth in e-commerce in India. These products have been accepted and are gaining traction among the user sectors.

FY21: Key highlights

1) High-end sub-assembly & others

- Received orders from a leading SUV manufacturer for supply of Plastic moulds for their new model

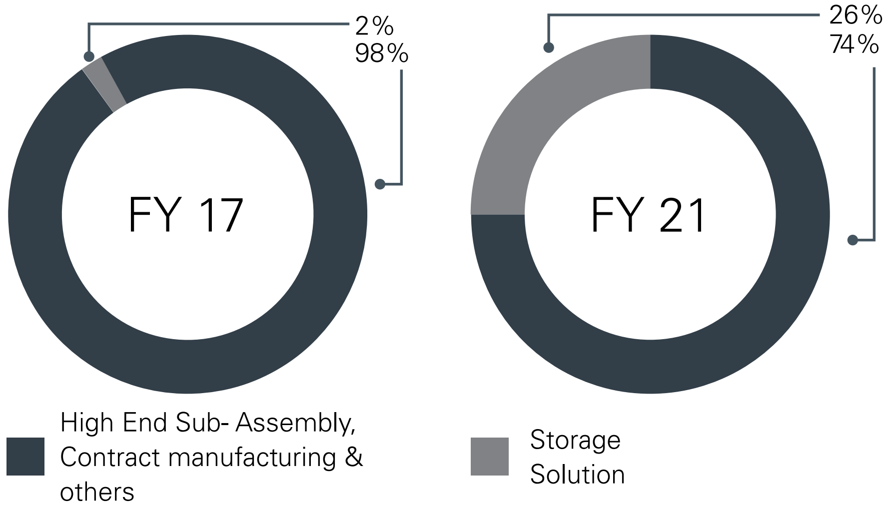
2) Storage solutions

- Developed successfully a 1ton V-Store for a customer in India; developed and delivered more than 100 V-Stores to clients in FY21 for various industries
- Developed the Lean V-Store or Economical V-store which is under extensive testing
- Received a large contract from a leading e-commerce customer for Vertical Reciprocating conveyor
- Customised V Store based on customer need for a wider width; enriched the V-Store with additional features namely Laser Pointer, Finger Access, De-Humidifier, AC Implementation

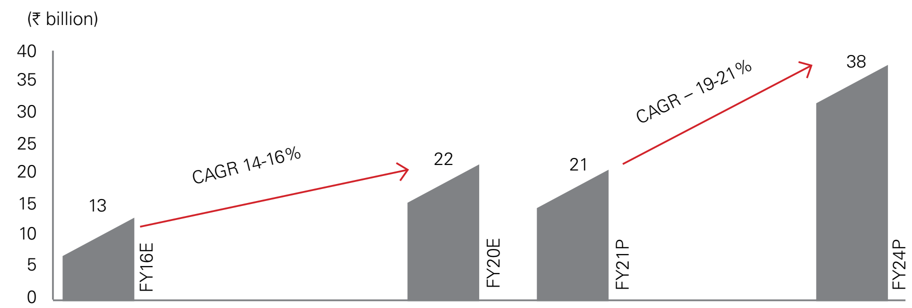
Optimism

The market size of the organised storage solutions industry, comprising pallets, racking and shelving, is estimated at ₹22 billion (FY20). The industry grew at a CAGR of 14-16% between FY16 and FY20. CRISIL Research forecasts the industry to marginally decline in FY21 on account of disruptions due to the Covid-19 pandemic and the resulting impact on the supply chains of Indian industries. Going forward, it expects the industry to log 19-21% CAGR over the next three years to reach ₹38 billion in fiscal 2024 from ₹21 billion in fiscal 2021, on account of incremental ambient warehouse addition and rise in the share of organised warehousing players due to GST implementation.

Increasing focus on high growth segment - Storage Solutions



Market size and outlook of the organised storage solution industry in India



(Source: CRISIL)

Our blueprint for tomorrow

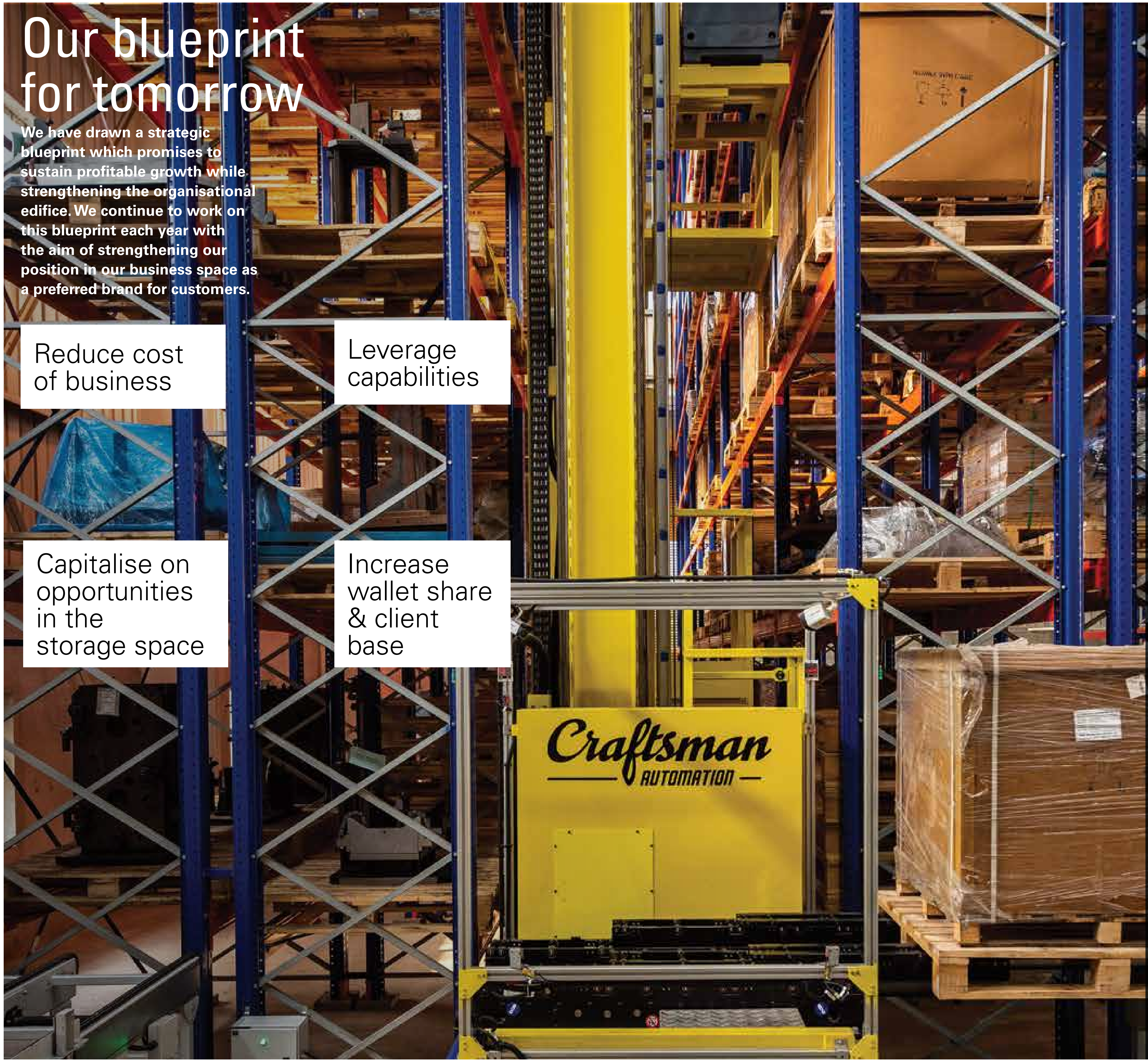
We have drawn a strategic blueprint which promises to sustain profitable growth while strengthening the organisational edifice. We continue to work on this blueprint each year with the aim of strengthening our position in our business space as a preferred brand for customers.

Reduce cost of business

Leverage capabilities

Capitalise on opportunities in the storage space

Increase wallet share & client base



1 Leverage manufacturing and engineering capabilities

- Capitalise on the growing opportunities and emerging trends in industry, particularly in the Automotive – Aluminium Products segment
- Focus on manufacturing certain critical power transmission components, including, among others, castings for gas insulated switchgear in the industrial & engineering segment
- GOI initiatives – implementation of BS-VI norms and usage of non-ferrous materials for light-weighting of vehicles to aid growth
- Upgradation of farm equipment and construction equipment to BS IV from April 2021

2 Increase wallet share and acquire new business

- Capitalise on an early mover advantage in certain segments; leverage long-term relationships with customers, some of whom are more than 10 years old
- Expand the array of existing products and solutions and develop products and solutions aligned to customer needs.
- Explore opportunities that could arise from key Government announcements such as Make in India, Atmanirbhar Bharat, among others.

3 Growing opportunities in storage solutions

- Leverage on strong product development, designing, engineering and manufacturing capabilities along with strong relationships with existing customers
- Establish a presence in the warehouse space and other end-user sectors such as e-commerce, organised retailing, consumer durables, auto components and pharmaceuticals as well as cold storage space

4 Reduce operating costs and improve operational efficiencies

- Focus on improving capacity utilisation at production facilities, through increase in overall production volumes
- Enhance operating efficiencies and optimise operating resource utilisation in manufacturing and business operations.
- Reduce dependence on external funds to reduce interest costs

Board of Directors

Mr. Srinivasan Ravi:
(Chairman and Managing Director)

He is the Promoter of our Company and has been associated with our Company since its incorporation. He holds a bachelor's degree in mechanical engineering from PSG College of Technology, Coimbatore. He has experience of more than 34 years in the automotive industry. He has received various awards, including "Outstanding Citizen of Coimbatore Award" by Rotary Club of Coimbatore in 2018, "Entrepreneur of the Year 2015 Award" by Entrepreneurs' Organization, Coimbatore, "Outstanding Entrepreneur Achiever Award 2012" by Bharathiar School of Management and Entrepreneur Development, Bharathiar University, Coimbatore and "Best Entrepreneur Award" by Coimbatore Management Association in 2010

Mr. Ravi Gauthamram:
Whole Time Director
(DIN: 06789004)

He holds a bachelor's degree in mechanical engineering from PSG College of Technology, Coimbatore and a master's degree in mechanical engineering from RWTH Aachen University, Germany. He has experience in automotive industry. He has been on our Board since February 20, 2014. He is engaged in building the product strategy in the industrial and engineering segment of our Company. He is also the Vice President of the Coimbatore Industrial Infrastructure Association ("COINDIA"). Prior to joining our Company, he was associated with Caterpillar India Private Limited.

Mr. Udai Dhawan:
Nominee Director
(DIN: 03048040)

He holds a bachelor's degree in commerce from University of Delhi and is also a chartered accountant. He holds a master's degree in business administration from the Wharton School, University of Pennsylvania. He has been on our Board since November 25, 2016. He has experience in financial services. He was associated with SkyWorks Capital, LLC, Kotak Mahindra Capital Company Limited, Sabre Inc., J.P. Morgan and Arthur Andersen & Co in the past.

Mr. Chandrashekhar Madhukar Bhide:
Independent Director
(DIN: 00027967)

He holds a bachelor's degree in technology in mechanical engineering from Indian Institute of Technology, Bombay and a post-graduate diploma in business administration from Indian Institute of Management, Ahmedabad. He has been on our Board since January 31, 2011. He has experience in automotive industry. He was associated with Mahindra & Mahindra Limited in the past.

Mr. Sundararaman Kalyanaraman:
Independent Director
(DIN: 01252878)

He holds a bachelor's degree in mechanical engineering from University of Madras. He has attended advanced management program at Indian Institute of Management. He has been on our Board since June 30, 2017. He has experience in automotive industry. He was associated with TG Kirloskar Automotive Private Limited, Kirloskar Systems Limited, BPL Limited and Widia (India) Limited in the past. Further, he is a trustee in Caring with Colours - A Manasi Kirloskar Initiative, and has completed a training course for preparation as an award assessor for the "Confederation of Indian Industry Award for Business Excellence" by European Foundation for Quality Management ("EFQM"). He is a member of Indian Society for Advancement of Materials and Process Engineering and is also a member of Project Management Institute (a global membership association dedicated to advancing the practice, science and profession of project management).

Mrs. Vijaya Sampath
Independent Director
(DIN: 0064110)

She holds a bachelor's degree in arts from University of Madras and a bachelor's degree in law from University of Mysore. She is a fellow member of the Institute of Company Secretaries of India. She has attended the advanced management program of Harvard Business School, USA and a program on managing strategic alliances conducted by the Wharton School, University of Pennsylvania, USA. She has been on our Board since April 30, 2018. She has experience in corporate laws and advisory and chairs the FICCI committee on corporate laws. She was associated with Lakshmikumaran & Sridharan Attorneys as a senior partner and with the Bharti Airtel Limited as group general counsel and company secretary in the past.

CORPORATE INFORMATION

CRAFTSMAN AUTOMATION LIMITED

CIN: L28991TZ1986PLC001816

Website: www.craftsmanautomation.com

BOARD OF DIRECTORS

Mr. Srinivasan Ravi
Chairman and Managing Director (DIN: 01257716)

Mr. Ravi Gauthamram
Whole Time Director (DIN: 06789004)

Mr. Chandrashekhar Madhukar Bhide
Independent Director (DIN: 00027967)

Mr. Sundararaman Kalyanaraman
Independent Director (DIN: 01252878)

Mrs. Vijaya Sampath
Independent Director (DIN: 00641110)

Mr. Udai Dhawan
Nominee Director (DIN: 03048040)

Chief Financial Officer:
Mr.C.B.Chandrasekar

Company Secretary and Compliance Officer:
Mr.Shainshad Aduvanni

Statutory Auditors:
Sharp & Tannan,
Chartered Accountants, Chennai

Internal Auditors:
MC Ranganathan & Co.,
Chartered Accountants, Chennai

Cost Auditors:
S.Mahadevan & Co,
Cost Accountants, Coimbatore

Secretarial Auditors:
KSR & Co,
Company Secretaries LLP, Coimbatore

REGISTERED OFFICE
No. 1078, Senthel Towers,
IVth Floor, Avanashi Road,
Coimbatore – 641 018
Tamil Nadu, India

Registrar and Share Transfer Agent
Link Intime India Private Limited
Surya 35, Mayflower Avenue,
Behind Senthil Nagar,
Sowripalayam Road,
Coimbatore - 641028.

COMMITTEES OF DIRECTORS

Audit Committee
- Mr. Chandrashekhar Madhukar Bhide, Chairman
- Mr. Sundararaman Kalyanaraman, Member
- Mrs.Vijaya Sampath, Member
- Mr. Udai Dhawan, Member

Nomination and Remuneration Committee
- Mrs. Vijaya Sampath, Chairperson
- Mr. Chandrashekhar Madhukar Bhide, Member
- Mr. Sundararaman Kalyanaraman, Member

Stakeholders Relationship Committee
- Mr. Chandrashekhar Madhukar Bhide, Chairman
- Mr. Srinivasan Ravi, Member
- Mr. Sundararaman Kalyanaraman, Member

Risk Management Committee
- Mr. Srinivasan Ravi, Chairman
- Mr.Ravi Gauthamram, Member
- Mr. Sundararaman Kalyanaraman, Member
- Mr.C.B.Chandrasekar, Member

Corporate Social Responsibility Committee
- Mr. Srinivasan Ravi, Chairman
- Mr. Chandrashekhar Madhukar Bhide, Member
- Mr. Udai Dhawan, Member

BANKERS AND LENDERS
- Bajaj Finance Limited
- Export-Import Bank of India
- HDFC Bank Limited
- ICICI Bank Limited
- IDBI Bank Limited
- IDFC Bank Limited
- Indian Bank
- IndusInd Bank Limited
- International Finance Corporation
- Kotak Mahindra Bank Limited
- RBL Bank Limited
- Standard Chartered Bank
- State Bank of India

Directors' Report

To,

The Members,

The Directors are pleased to present the Thirty Fifth (35th) Annual Report of the Company together with the audited financial statements (consolidated and standalone) for the year ended 31st March 2021.

In compliance with the applicable provisions of Companies Act, 2013, (including any statutory modification(s) or re-enactment(s) thereof, for time being in force) ("Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations"), this report covers the financial results and other developments during the financial year ended 31st March 2021, in respect of Craftsman Automation Limited.

1. FINANCIAL HIGHLIGHTS & STATE OF AFFAIRS:

1.1 The financial performance of the Company for the financial year ended 31st March 2021 is summarised below:

(₹ in Crores)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020	Year ended 31.03.2021	Year ended 31.03.2020
	Standalone		Consolidated	
Operating revenue	1546.29	1483.38	1559.95	1492.46
Other income	13.22	9.15	10.08	8.59
EBITDA	447.25	404.25	448.49	406.54
Less: Finance Cost	107.28	148.60	107.28	148.60
Less: Depreciation and Amortization	192.41	196.33	192.45	196.40
Less: Exceptional items	-	5.77	-	5.77
Profit before Tax (PBT)	147.56	53.55	148.76	55.77
Less: Provision for Current Tax (Net)	53.89	16.83	53.89	16.84
Less: Deferred Tax	(3.09)	0.07	(2.49)	(1.08)
Profit after Tax for the year (PAT)	96.76	36.65	97.36	40.01
Other Equity opening balance	721.64	690.91	711.53	676.96
Add: Profit for the year	96.76	36.65	97.36	40.01
Add: Securities premium (net) on IPO	145.13	-	145.13	-
Add/(Less) Other Comprehensive Income /(Loss)	4.36	0.15	4.85	0.63
Dividend paid on equity shares including dividend tax	-	(6.07)	-	(6.07)
Other Equity closing balance	967.89	721.64	958.87	711.53

Standalone Financial Results:

During the Financial Year (FY) 2020-21, the Company has achieved an operating income of ₹ 1546.29 Crores as compared to ₹ 1483.38 Crores in FY 2019-20. The profit before tax for FY 2020-21 stood at ₹ 147.56 Crores compared to ₹ 53.55 Crores achieved in FY 2019-20. The profit after tax stood at ₹ 96.76 Crores for FY 2020-21 as compared to ₹ 36.65 Crores for the previous year.

Consolidated Financial Results:

The Company's consolidated revenue for FY 2020-21 was ₹ 1559.95 Crores as compared to ₹ 1492.46 Crores for the previous year. During the year under review, the consolidated profit after tax stood at ₹ 97.36 Crores as compared to ₹ 40.01 Crores for the previous year.

2. DIVIDEND:

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

3. DIVIDEND DISTRIBUTION POLICY:

Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, ["the Regulations"] makes it mandatory for the top five hundred listed entities based on their market capitalization calculated as on 31st March of every financial year to formulate a Dividend Distribution Policy.

In compliance with the provisions of Regulation 43A of the Listing Regulations, the Board of Directors of the Company at its meeting held on 5th May, 2021, has approved and adopted the Dividend Distribution Policy of the Company ["the Policy"]. The policy inter alia, lays down various parameters relating to declaration/ recommendation of dividend. The policy is available on the Company's website at https://www.craftsmanautomation.com/wp-content/uploads/2021/05/14.CAL-DIVIDEND-DISTRIBUTION-POLICY.pdf

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

In accordance with the provisions of Sections 124 and 125 of the Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends of a company which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account shall be transferred by the company to the Investor Education and Protection Fund ("IEPF").

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

5. SHARE CAPITAL:

During the year under review, the Company has not altered/modified the authorised share capital of the Company.

However, during the quarter ended 31st March 2021, the Company had come up with an Initial Public Offering (IPO) of 55,28,161 equity shares of face value of ₹ 5/- each, comprising of fresh issue of 10,06,711 equity shares and Offer For Sale of 45,21,450 equity shares by selling shareholders.

Pursuant to allotment of 10,06,711 equity shares of ₹ 5/- each to the respective applicants under various categories, the paid-up equity share capital of the Company has been increased from ₹ 10,06,08,000/- to ₹ 10,56,41,555/- as on 31st March 2021.

6. RESERVES AND SURPLUS:

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

7. MANAGEMENT DISCUSSION & ANALYSIS REPORT:

Pursuant to Regulation 34(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, a Management Discussion and Analysis Report is given in **Annexure - 1.**

8. CORPORATE GOVERNANCE:

Pursuant to Regulation 34(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, (SEBI (LODR) Regulations, 2015) a report on Corporate Governance along with a Certificate from the Company Secretary in Practice towards compliance of the provisions of Corporate Governance, forms an integral part of this Annual Report and are given in **Annexure - 2** and **Annexure - 3** respectively.

The Chairman and Managing Director and the Chief Financial Officer have certified to the Board with regard to financial statements and other matters as required under Regulation 17(8) read with Schedule II to the SEBI (LODR) Regulations, 2015.

9. CORPORATE SOCIAL RESPONSIBILITY (CSR):

In accordance with the requirements of Section 135 of the Act, the Company has constituted a Corporate Social Responsibility (CSR) Committee and also formulated a Corporate Social Responsibility Policy (CSR Policy) which is available on the website of the Company at https://www.craftsmanautomation.com/wp-content/uploads/2021/03/1.-CAL-Policy-on-Corporate-Social-Responsibility-05.05.2021.pdf. The CSR Policy was amended vide the resolution of the Board of Directors dated 5th May, 2021 to incorporate amendments brought about to the provisions of Section 135 of the Act and the Rules vide notification dated 22nd January, 2021 issued by Ministry of Corporate Affairs.

The Annual Report on CSR activities of the Company during the financial year 2020-2021 as required to be given under Section 135 of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been provided in an **Annexure – 4** to this Report.

10. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

Material Changes and Commitments during the end of Financial Year Under Review:

10.1 Initial Public Offering (IPO):

During the year ended 31st March 2021 the Company had made an Initial Public Offering (IPO) of 55,28,161 equity shares of ₹ 5 each at a price of ₹ 1,490 per share (including a Share premium of ₹ 1,485) comprising of a fresh issue of 10,06,711 equity shares and an offer for sale (OFS) of 45,21,450 equity shares by selling shareholders.

Total Proceeds received by the Company pursuant to the IPO aggregates to ₹ 150 Crores by way of fresh issue of equity shares to the public.

Pursuant to Regulation 32 (1) there was no deviation/ variation in the utilization of proceeds as mentioned in the objects stated in the Prospectus dated 18th March, 2021, in respect of the Initial Public Offering of the Company.

The shares of the Company have been listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) w.e.f 25th March, 2021. Further as on 31st March 2021 total proceeds received by the Company pursuant to the IPO had been fully utilized. The Company's shares are compulsorily traded in dematerialised form. As at 31st March 2021, 100% Shares of the Company are held in demat form.

The listing fees for the year 2020-21 have been paid to these Stock Exchanges.

Material Changes and Commitments Between the end of Financial Year Under Review and the Date of the Report:

10.2 Covid-19

The impact of Covid-19 on the automotive industry has been severe in the first quarter of the current fiscal. The demand revival in the second quarter was robust, partly because of the pentup demand, and partly on account of the preference for individual mobility. The pace of demand for the full year was dependent upon a number of factors such as the containment of the pandemic, general economic revival and various measures taken by Government.

The Corona virus Pandemic is having a deep Impact on Indian businesses and has already caused an unprecedented collapse in economic activities. Due to weak domestic consumption and consumer sentiment, there can be delay in Investment which further add pressure on growth. The substantive economic package announced by Prime Minister recently could revive the downturn to a great extent.

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

11. RISK MANAGEMENT POLICY:

Pursuant to Section 134(3)(n) of the Companies Act, 2013 and Regulation 17(9) of SEBI (LODR) Regulations, 2015, the Company has formulated and adopted a Risk Management Policy. The company has been consciously following a policy of risk mitigation by diversifying its products, services, markets and customers. The key risk of exposure to the cyclicality of automobile business is being mitigated by increasing the share of the Industrial & Engineering segment. Further, within the Industrial & Engineering segment, the risk of excessive reliance on contract manufacturing is being addressed by strengthening and growing the Company's own product portfolio and creating brand equity.

Following are the major risk concerns:

Competition:

Some of the Company's business segments operates in a competitive environment and some of the Company's customers pursue a policy of maintaining more than one source for a product/ service. The Company's senior management team closely monitors the market and devises the various strategies to stay ahead of the competition.

Economy:

The economy is still susceptible to the challenging global economic environment of increased trade tensions, protectionism and slow down. It is also constrained by fiscal profligacy and implementation delays, weak financial sector.

Automobile Industry:

The fortunes of the automobile industry are cyclical and the demand for vehicles are vulnerable to the interest rates and liquidity.

Risk Mitigation Measures:

As already mentioned, the Company adopts the policy of risk diversification by broadening its products, services, market and customer base. The Company over the years built a good design, engineering and product development team. This has enabled the Company to come out with new products and services and in the contract manufacturing space, the company is able to position itself as a one-stop solution provider to its customers. In addition, the Company has steadily invested over the years to build up world class manufacturing and testing facilities at Coimbatore and other plants. The state of the art machines, continuous improvement in the production processes, constant upgradation of employee skill levels, backward integration to tool, die and fixture making and JIT deliveries have created a strong competitive advantage for the Company.

The Risk Management Committee has been constituted by the Board at its meeting held on 05th May, 2021, with an objective of reviewing various risks faced by the Company and advises the Board on risk mitigation plans. Risk Management policy may be accessed on the Company's website at the link: https://www.craftsmanautomation.com/wp-content/uploads/2021/03/4.-CAL-Risk-Management-Policy.pdf.

12. VIGIL MECHANISM / WHISTLE BLOWER POLICY FOR DIRECTORS AND EMPLOYEES:

The Company has formulated a comprehensive Whistle Blower Policy in line with the provisions of Section 177(9) and Section 177(10) of the Companies Act, 2013 with a will to enable the stakeholders, including directors, individual employees to freely communicate their concerns about illegal or unethical practices and to report genuine concerns to the Audit Committee of the Company.

The mechanism provides adequate safeguards against victimization of directors or employees who avail of the mechanism. The Vigil Mechanism has been placed in the website of the Company at https://www.craftsmanautomation.com/wp-content/uploads/2018/09/2.-CAL-WhistleBlowerPolicy.pdf

13. INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:

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

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

S. No.	Particulars	Remarks
(a)	Number of complaints of sexual harassment received in the year	Nil
(b)	Number of complaints disposed off during the year	Nil
(c)	Number of cases pending for more than ninety days	Nil
(d)	Number of workshops or awareness programme against sexual harassment carried out	Nil
(e)	Nature of action taken by the employer or District Officer	Nil

14. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

During FY 2020-21, all contracts/ arrangements/ transactions entered into by the Company with related parties under Section 188(1) of the Companies Act, 2013 were in the ordinary course of business and on an arm's length basis.

The Company has adopted policy on Related Party Transactions and can be accessed on the Company's website at https://www.craftsmanautomation.com/wp-content/uploads/2021/03/11.-CAL-RPT-Policy.pdf .

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 and in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is enclosed to this report as **Annexure – 5**.

15. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE ACT :

Pursuant to Section 186 of Companies Act, 2013, disclosure on particulars relating to loans, advances, guarantees and investments are provided as part of the financial statements in note no. 1.6, 1.5 and 3.5 of Standalone Financial Statements.

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

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

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

Not applicable during the financial year.

18. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

There were no significant / material orders passed by the regulators or courts or tribunals during the financial year 2020-2021, impacting the going concern status and Company's operations in future.

19. EXTRACT OF ANNUAL RETURN:

As required under Section 92(3) and 134(3)(a) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 (as amended), an extract of Annual Return in Form MGT - 9 is available on the website of the Company at the web-link www.craftsmanautomation.com.

20. CREDIT RATING:

During the year under review, CRISIL Limited, a credit rating agency registered with SEBI had reaffirmed the loan term facilities as BBB +/Stable and A2 for short term loans.

21. PUBLIC DEPOSITS:

The Company has not accepted any deposits under Chapter V of the Act during the financial year and as such, no amount on account of principal or interest on deposits from public is outstanding as on 31st March, 2021.

22. AWARDS AND RECOGNITIONS:

The Company has always been singled out by its customers as a supplier partner known for its reliability and quality. During the year, the Company continued to be recognized and received the following awards:

1. Mahindra Supplier Best Appreciation Award – THAR 2021 awarded by Mahindra and Mahindra in year - 2021
2. Star Performance Award for Export House Certification for Financial Year 2017-2018 awarded by EEPC India in the year – 2020.

23. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE:

23.1 Details of Foreign wholly owned subsidiaries:

A. CRAFTSMAN EUROPE B.V. (FORMERLY KNOWN AS CRAFTSMAN MARINE B.V):

During the year under review, our Wholly Owned Subsidiary has posted a turnover of ₹ 1741 Lakhs (Euro 20.06 Lakhs). The loss for the year amounted to ₹ 0.53 Lakhs (Loss of Euro 0.01 Lakhs) dropped from ₹ 361 Lakhs (Euro 5.29 Lakhs).

B. CRAFTSMAN AUTOMATION SINGAPORE PTE LIMITED:

i. Craftsman Automation Singapore Pte. Limited, had no business operations during the year.

ii. The Board of Directors at their meeting held on 24th October, 2019, had approved the financial restructuring of Wholly owned subsidiary company by converting the loan into equity share capital of the Company. The Loan to tune of SGD 667000 has been converted into equity shares.

iii. The voluntary winding up proceedings for Craftsman Automation Singapore Pte Limited (CAS), the Wholly Owned Subsidiary of the Company is in process and the Declaration of Solvency was filed on 06th October, 2020 and also filed the dissolution documents on 12th March 2021 before the Accounting and Corporate Regulatory Authority (ACRA) Singapore.

23.2 Details of Joint Venture Companies:

Carl Stahl Craftsman Enterprises Private Limited which is an associate Company in which your Company is holding 30% of equity shares notched a turnover of ₹ 22.07 Crores in FY 2020-21 as against the ₹ 25.75 Crores of FY 2019-20. The Profit for the year was ₹ 0.55 Crores as against loss occurred of ₹ 0.05 Crores in FY 2019-20.

Pursuant to Section 129 (3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of the Company's Subsidiaries and Associate Company in Form No. AOC-1 is attached to this report as **Annexure – 6**.

24. CHANGE IN NATURE OF BUSINESS:

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

25. DIRECTORS:

During the financial year 2020-2021 under review, Mr. Kallakurichi Kanniah Balu (DIN 03640304), Independent Director who was appointed as a Director with the approval of members at their Extra Ordinary General Meeting held on 24th May, 2018 for a term of two years, completed his tenure on 23rd May 2020.

The Board appreciated the guidance and contribution on various matters made by Mr. Kallakurichi Kanniah Balu during his tenure as Director/Independent Director of the Company.

During the financial year 2020-2021 under review, Mr. Chandramohan Natarajan (DIN: 00302544), Whole Time Director of the Company who was re-appointed as Whole Time Director at the Board Meeting held on 30th June, 2017 for a period of three years, completed his tenure on 30th June 2020. He had tendered his resignation as Director from the Company effective from 10th July, 2020.

The Board appreciated the assistances and guidance rendered by Mr.Chandramohan Natarajan during his tenure as Director of the Company.

The Board at its meetings held on 05th May, 2021 and based on the recommendation of Nomination and Remuneration Committee has appointed Mr. Srinivasan Ravi, as Chairman and Managing Director and Mr. Ravi Gauthamram, Whole Time Director for a further period of 5 years with effect from 01st October, 2021 and Mr.Udai Dhawan, as Non-Executive Director liable to retire by rotation. Necessary resolutions seeking the approval of the Shareholders for their appointment along with Explanatory Statement justifying the appointment are included in the Notice convening the 35th Annual General Meeting of the Company

In accordance with the provisions of the Companies Act, 2013, Mr. R.Gauthamram (DIN 06789004) Director, retires by rotation and being eligible, offers himself for reappointment at the ensuing Annual General Meeting. His appointment is placed for approval of the members and forms part of the notice of the ensuing Annual General Meeting. The information about the Director seeking his reappointment as per Para 1.2.5 of Secretarial Standards on General Meetings has been given in the notice convening the ensuring Annual General Meeting Directors.

26. KEY MANAGERIAL PERSONNEL:

Pursuant to Section 203 of the Companies Act, 2013, the following persons have been designated as the Key Managerial Personnel of the Company:

i. Mr. Srinivasan Ravi, Chairman and Managing Director;

ii. Mr. Ravi Gautharam, Whole Time Director – Industrial and Engineering Products;

iii. Mr.Chandramohan Natarajan, Whole Time Director – Business Developments, Industrial and Engineering Products; (upto 10th July, 2020)

iv. Mr. C.B.Chandrasekar, Chief Financial Officer;

v. Mr. Thiyagaraj Damodharaswamy, Chief Operating Officer – Automotive;

vi. Mr. Shainshad Aduvanni, Company Secretary.

The remuneration and other details of these Key Managerial Personnel for FY 2020-2021 are provided in the extract of the Annual Return (MGT 9) which is available on the website of the Company.

27. COMMITTEES:

As per the requirements of the Companies Act, 2013 the following committees were constituted and the composition, meeting of committees held during the year are as follows.

i. Audit Committee:

The Composition of the Audit Committee is as follows:

1. Mr.Chandrashekhar Madhukar Bhide, Independent Director (Chairman);
2. Mr.Sundararaman Kalyanaraman, Independent Director (Member);
3. Mrs.Vijaya Sampath, Independent Director (Member)
4. Mr. Udai Dhawan, Nominee Director (Member).

During the financial year 2020-21, the Audit Committee met four times during the year i.e. 07th May, 2020, 10th July, 2020, 28th October, 2020 and 25th January, 2021.

ii. Nomination and Remuneration Committee:

The Composition of the Nomination and Remuneration Committee is as follows:

1. Mrs.Vijaya Sampath, Independent Director (Chairperson);
2. Mr. Chandrashekhar Madhukar Bhide, Independent Director (Member) and
3. Mr. Sundararaman Kalyanaraman, Independent Director (Member).

During the financial year 2020-21, Nomination and Remuneration Committee met once on 07th May, 2020.

iii. Stakeholders Relationship Committee:

The Company has reconstituted the Composition of the Stakeholders Relationship Committee at the Board meeting held on 05th December, 2020 and the members of the Committee is as follows:

1. Mrs.Vijaya Sampath, Independent Director (Chairperson) – upto 05th December, 2020
2. Mr.Chandrashekar Madhukar Bhide, Independent Director (Chairman) – designated as Chairman w.e.f. 05th December, 2020
3. Mr.Srinivasan Ravi, Chairman and Managing Director (Member) and
4. Mr. Sundararaman Kalyanaraman, Independent Director (Member) - w.e.f. 5th December, 2020

The Company got listed its securities with the BSE Limited and National Stock Exchange of India Limited on 25th March, 2021, the requirement of conducting Stakeholders Relationship Committee was not mandatory and therefore, the Committee has not met during the financial year 2020-21.

iv. CSR Committee:

The Committee was constituted as per the requirements of the Companies Act, 2013 and the members of the Committee are as follows:

1. Mr. Srinivasan Ravi, Chairman and Managing Director (Chairman);
2. Mr. Udai Dhawan, Nominee Director (Member) and
3. Mr. Chandrashekhar Madhukar Bhide, Independent Director (Member).

During the financial year 2020-21, the CSR Committee met two times on 07th May 2020 and 25th January 2021.

v. IPO Committee:

The Composition of the IPO Committee is as follows:

1. Mr.Srinivasan Ravi, Chairman and Managing Director (Chairman);
2. Mrs.Vijaya Sampath, Independent Director (Member)
3. Mr.Udai Dhawan, Nominee Director (Member).

During the financial year 2020-21, the IPO Committee members met Nine times on 12th October, 2020, 20th November, 2020, 08th December, 2020, 25th February, 2021, 08th March, 2021, 11th March, 2021, 12th March, 2021, 22nd March, 2021 (2 times).

vi. Management Committee:

The Committee was reconstituted after the resignation of Mr. Chandramohan Natarajan, Whole Time Director from the Board of the Company with following composition:

The following are the members of the Committee:

1. Mr. Srinivasan Ravi, Chairman and Managing Director (Chairman);
2. Mr. Ravi Gauthamram, Whole Time Director (Member) and
3. Mr. Chandramohan Natarajan, Whole Time Director (Member). Upto 10th July, 2020

During the financial year 2020-21, the Management Committee met two times on 05th May, 2020 and 16th February, 2021.

vii. Risk Management Committee:

The Company has constituted Risk Management Committee at the Board meeting held on 05th May, 2021, as required under Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, after the listing of its securities on BSE Limited and National Stock Exchange of India on 25th March, 2021.

The Risk Management Committee was constituted to monitor, review the risk management plan of the Company and performs such other functions as mandated by the Board of Directors.

The following are the members of the Committee:

1. Mr. Srinivasan Ravi, Chairman and Managing Director (Chairman);
2. Mr. Ravi Gauthamram, Whole Time Director (Member)
3. Mr. Sundararaman Kalyanaraman, Independent Director (Member) and
4. Mr.C.B.Chandrasekar, Chief Financial Officer (Member)

28. INTERNAL FINANCIAL CONTROLS AND AUDIT:

a. Internal Financial Controls and their Adequacy

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

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

Adequate internal financial controls are in place which ensures the reliability of financial and operational information. The regulatory and statutory compliances are also ensured. The Oracle enterprise wide resource platform deployed in the Company enables the business processes and also ensures financial discipline and fosters accountability.

b. Internal Auditor

MC Ranganathan & Co., Chartered Accountants, Chennai, who are our internal auditors have carried out internal audit for the FY 2020-21. Their reports were reviewed by the Audit Committee.

c. Statutory Auditors

The Shareholders at their meeting held on 20th May, 2020 have appointed Sharp & Tannan, Chartered Accountants, A-Wing, 602, Anna Salai, Chennai – 600 006 holding (Firm Registration No:003792S), the Statutory Auditors of the Company for a period of 5 years from the conclusion of the 34th AGM (2020) till the conclusion of 39th AGM (2025).

d. Statutory Audit Report

There are no qualifications, reservations or adverse remarks made by Sharp & Tannan, Statutory Auditors, Chennai, in their report for the financial year ended 31st March 2021.

Pursuant to provisions of Section 143 (12) of the Companies Act, 2013, the Statutory Auditors have not reported any incident of fraud to the Audit Committee or Central Government during the year under review.

e. Cost Auditor

The Board has re-appointed S.Mahadevan & Co, Cost Accountants, Coimbatore, (Registration No. 000007) as cost auditors of the Company for the FY 2021-22, for auditing the cost accounting records maintained by the Company for the applicable products for the year ending 31st March 2022. The remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a resolution seeking members' ratification for the remuneration payable to S.Mahadevan & Co, Cost Auditor is included at item No.6 of the Notice convening the Annual General Meeting.

The Company is required to maintain the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, and accordingly such accounts and records are being maintained.

f. Secretarial Auditor

KSR & Co., Company Secretaries LLP, Coimbatore were appointed by the Board of Directors as the Secretarial Auditors of the Company for the FY 2020-2021. The Secretarial Audit Report in form MR-3 forms part of the annexures to this Directors' Report as **Annexure -7.**

29. MEETINGS OF THE BOARD AND COMMITTEES:

During the FY 2020-21, the Board of Directors met nine (9) times and the details of the meetings of the Board and its Committees are given in the Corporate Governance Report (**Annexure 2**). The gap intervening between two meetings was within the time prescribed under the Act and LODR Regulations.

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

30. MEETING OF INDEPENDENT DIRECTORS:

In terms of requirements under Schedule IV of the Companies Act, 2013 and Regulation 25 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors was held on 25th February, 2021.

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

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

31. DECLARATION BY INDEPENDENT DIRECTORS:

The Company has received declarations from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 and the Regulation 16(1)(b) read with Regulation 25 of SEBI (LODR) Regulations, 2015, confirming compliance with the criteria of independence as stipulated thereunder.

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

The Independent Directors of the Company have registered themselves with the Indian Institute of Corporate Affairs ('IICA') towards the inclusion of their names in the data bank maintained with it and they meet the requirements of proficiency self-assessment test.

32. NON EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURES:

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

33. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

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

34. PERFORMANCE EVALUATION OF BOARD AND ITS COMMITTEES

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

35. DIRECTORS' APPOINTMENT AND REMUNERATION POLICY

The Company has, on the recommendation of the Nomination & Remuneration Committee, framed and adopted a Nomination and Remuneration Policy in terms of the Section 178 of the Act with effect from 02nd July, 2018. The policy, inter alia, lays down the principles relating to appointment, cessation, remuneration and evaluation of directors, key managerial personnel and senior management personnel of the Company.

The Nomination & Remuneration Policy of the Company is available on the website of the Company at web-link https://www.craftsmanautomation.com/wp-content/uploads/2019/05/3.-CAL-Nomination-Remuneration-and-Board-Evaluation-Policy.pdf

36. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

As prescribed under Section 197(12) of the Companies Act, 2013 ("Act") and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details are given in **Annexure - 8.**

A statement containing particulars of employees as required under Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided as a separate annexure forming part of this Report. In terms of Section 136 of the Act, the Annual Report and financial statements are being sent to the shareholders excluding the aforesaid annexure. The said annexure is available for inspection at the registered office of the Company during business hours and will be made available to any shareholder on request.

37. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

A) Conservation of energy:

I Steps taken or impact on conservation of energy

- For reducing air consumption in machines, air leakages identified and arrested regularly. By this practice we saved 5% of energy consumption from air compressors;
- For Compressor Energy Saving – Generation side air pressure drop loss in moisture filter, eliminated;
- Air pressure in system, reduced by 10%, as per our requirements;
- To reduce heat radiation and insulation losses, heat treatment furnace's insulation periodically renewed as per skin temperature;
- To reduce system pressure in LPG gas line, separate LPG pipe lines have been implemented for all LPG melting furnaces;
- All air loss moisture drain valves are replaced in air receivers, with Level sensing moisture drain valve;

II Steps taken by the Company for utilizing alternate source of energy

The Company during the year under review utilized wind power from its group captive wind mills and also from group captive waste heat power producer. During the year under review, the Company utilized 26.38 million Kwh of clean and green power which constituted 58% (approximately) of the Company's Arasur plant power requirements.

III Capital investment on energy conservation equipment's

Replacement of oil fired burner with gas fired burner in melting furnaces for the purpose of improving combustion efficiency with reduction of fuel cost.

B) Technology Absorption:

The Company has effectively integrated and absorbed general technology in the area of air generation equipment's.

The expenditure incurred on Research and Development

The Company has not incurred any expenditure on Research and Development.

C) Foreign Exchange earnings and Outgo:

Details of earnings accrued and expenditure incurred in foreign currency are as given below.

Foreign Exchange Earnings	₹ 133.72 Crores
Foreign Exchange Outgo	₹ 298.97 Crores

38. DIRECTORS' RESPONSIBILITY STATEMENT:

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

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and profit of the Company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis;

(e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

39. SECRETARIAL STANDARDS:

The Company is in compliance with the Secretarial Standards on Meetings of Board of Directors (SS-1) and General Meetings (SS-2).

40. PROHIBITION OF INSIDER TRADING:

In terms of the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended (PIT Regulations), the Company has adopted the revised "Code of Conduct to Regulate, Monitor and Report Trading by Insiders" ("the Code"). The Code is applicable to Promoters, all Directors, Designated persons and connected Persons and their immediate relatives, who are expected to have access to unpublished price sensitive information relating to the Company.

The Company has also formulated a 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with the PIT Regulations.

The aforesaid Codes are posted on the Company's website and can be accessed by using web link at: https://www.craftsmanautomation.com/wp-content/uploads/2021/03/7.-CAL-Code-of-Fair-Disclosure-of-UPSI-new.pdf and https://www.craftsmanautomation.com/wp-content/uploads/2021/03/6.-CAL-Code-of-Conduct-under-SEBI-PIT.pdf

41. STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR

In the opinion of Board of Directors of the Company, Independent Directors on the Board of Company hold highest standards of integrity and are highly qualified, recognized and respected individuals in their respective fields. It's an optimum mix of expertise (including financial expertise), leadership and professionalism.

42. CEO/CFO CERTIFICATION

As required under Regulation 17(8) of the SEBI Listing Regulations, the CEO and CFO of the Company have certified the accuracy of the Financial Statements, the Cash Flow Statement and adequacy of Internal Control Systems for financial reporting for the year ended 31st March 2021. The certificate is given in **Annexure - 9**.

43. DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

The Code of Conduct of the Company aims at ensuring consistent standards of conduct and ethical business practices across the Company. This Code is reviewed on an annual basis and the latest Code is available on the website of the Company at weblink https://www.craftsmanautomation.com/wp-content/uploads/2021/03/10.-CAL-Code-of-Conduct-for-Directors-and-SM.pdf . Pursuant to SEBI (LODR) Regulations, 2015, a confirmation from the Managing Director & CEO regarding compliance with the Code by all the Directors and senior management of the Company is given in **Annexure - 10**.

44. CAUTIONARY STATEMENT:

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

45. ACKNOWLEDGEMENTS:

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

For and on behalf of the Board of Directors

Srinivasan Ravi
Chairman and Managing Director
DIN:01257716

Coimbatore
05.05.2021

Annexure - 1

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

A. INDUSTRY STRUCTURE AND DEVELOPMENT

Global Economy

The global economy has been under turmoil ever since the first wave of the Covid-19 pandemic at the start of the calendar year 2020. Succeeding waves of Covid-19 infections are leaving the global economy gasping for air when it resurfaces from the depths. Economic activity has normalised faster than anticipated, according to the International Monetary Fund (IMF), with support from government investment (China) and transfers supporting household incomes as in the United States (US) and Europe. However, the global economy continues to reel under the pandemic.

The IMF expects the world gross domestic product (GDP) to drop 4.7% in 2020. S&P Global has kept its global GDP forecast for 2020 relatively unchanged at -4.1%, while raising forecasts for the US and euro zone on the back of a stronger than expected rebound in the third quarter, and for China (where the rebound took place in the second quarter). These improvements have been offset by a lower forecast for India as well as for the United Kingdom (UK) and Japan.

Indian Economy

Consumption and investment are the major drivers of any economy. In recent years, India has grown primarily on the engine of consumption. The other engine – of investment – has been decelerating. Gross domestic product, or GDP (at constant fiscal 2012 prices) grew at 6.7% CAGR between fiscals 2015 and 2012. From fiscal 2014 to 2017, improvement in GDP growth was on account of improving industrial activity, lower crude oil prices, and supportive policies. Between 2017 and 2019 the GDP has further fell down from 7.0% to 4.2%.

During fiscal 2021, the Covid-19 pandemic necessitated a 61-day complete nationwide lockdown followed by an 'unlock' phase characterized by intermittent regional lockdowns and curbs. This, coupled with the effects of a troubled global economy, resulted in the worst ever real GDP contraction on record of 23.9% year-on-year in the first quarter.

Automotive Components Industry in India

The Indian auto components industry clocked a CAGR of 6% in production over fiscals 2015 to 2020, led by growth in replacement and exports demand. Domestic demand is forecast to log a CAGR of 6-8%, driven by demand from OEM at 7-9%, whereas exports are set to grow at 3-5% over fiscals 2020 to 2024.

Exports to grow at a slightly slower pace in the long term. Auto component exports are projected to rise at 3-5% CAGR between fiscal 2020 and 2024 after seeing a two-year consecutive decline in fiscal 2020 and 2021. As India is moving towards higher global standards in terms of quality and safety measures. This helps players to expand into newer geographies and gives them an edge compared with other low-cost countries. Currently, the penetration of Indian automotive components in major markets is minuscule – comprising a little more than 1% of global exports - indicating considerable scope for domestic manufacturers to expand their exports share in the coming years as they expand to new geographies and widen their product offerings.

The automobile industry witnessed a catastrophic effect in FY21 as sales volumes were pushed back by multiple years. For passenger vehicles, sales volumes were lowest since FY16, for two wheelers - lowest since FY15, for commercial vehicles – lowest since FY11 and three wheelers – lowest since FY03.

Evidently, FY21 was an unpleasant year for the automobile industry including ancillaries. Industries which consider automobiles as their large end user also were impacted – which includes glass, metals, rubber, paints, electronics, etc.

Q1-FY21 witnessed the transition from BS-IV to BS-VI, the various COVID-19 induced nation-wide and non-uniform state lockdowns. The restriction on movement of people created labour shortages and closure of factories led to manufacturing levels dropping to significantly low levels. Alongside, the automobile dealerships suffered due to various zone wise (red, yellow, green) closures across the country. In addition to the disruption in supply chains, consumer sentiments further descended due to the fear of job losses and fall in income levels. Hence, the spread of Covid-19 added to woes of this industry, that was already grappling under the slowdown effects faced by Indian economy since FY20.

Q2-FY21 onwards as government restrictions eased, production gained pace and supply chains gradually restored. During the quarter, demand for vehicles still remained on the lower side due to the closure of schools and colleges, reopening of limited number of offices and reduced infrastructural and mining activities. All of these impacted domestic sales of two and three wheelers, passenger vehicles and commercial vehicles.

Q3-FY21 witnessed a turnaround in the industry as its wholesale as well as retail volumes started gaining momentum, owing to the pent up demand, festive and wedding season. Just as the industry was on the path to recovery, it faced a new impediment in the form of shortages in semi-conductors, a critical part used in vehicle manufacturing. Simultaneously, the shortage of containers and high freight charges affected transportation of components. This took a toll on the Q4-FY21 wholesale volumes. Demand during the same quarter was affected by high fuel prices and price hikes by automobile OEMs.

However, it is noteworthy that by the end of the year, the automobiles industry made a comeback. Tractors sales were unaffected through the year and in fact, FY21 was one of the best years for this segment. The passenger vehicles domestic wholesales reached nearly same levels as last year (-2.3% YoY), while two wheelers managed to clock ~85% sales of last year. The commercial vehicles segment, which was the first to be affected by lockdowns saw Q1FY21 as a complete washout by witnessing just 30,000 units of domestic sales. However, as the economy opened up, their sales grew and in the last quarter it clocked 2.1 lakh units of sales, the highest since Q4-FY19. On a cumulative basis, commercial vehicles segment reached ~80% of last year's volumes. The three-wheelers segment did not see much green shoots due to the minimal demand from the passenger carrier and goods carrier segments.

Auto Aluminium Market

Demand for aluminium castings, which are used as part of alloy wheels, has picked up due to an increase in penetration of alloy wheels in two-wheelers and passenger vehicles.

Two-wheelers account for ~70% of the aluminium die casting market, followed by passenger vehicles with 25% share and commercial vehicles with a 4-5% share in value terms. Original equipment manufacturers account for 75-80% of the offtake. Exports account for 15-20%, with the aftermarket comprising the remainder. Size of the aluminium casting industry was about ₹ 169 billion in fiscal 2020. Demand for aluminium die casted products stood at 0.44 million metric tonnes in fiscal 2020.

During fiscal 2020, amidst a slowdown in economic growth, regulatory price hike, weak rural demand and a loss of March month's sale due to Covid-19 lockdowns, underlying growth in the automotive industry (domestic+ exports) dropped nearly 15% y-o-y. Further, the abnormal raise in aluminium prices have added fuel to the fire. The commercial vehicle segment contracted the most at 30%, while a major contributor to the automotive industry, the two-wheeler segment, contracted 14%. This contraction trickled down to the automotive aluminium casting industry with ~14% drop in volumes & 18% fall in value.

Industrial & Engineering Market

India's engineering sector has witnessed a remarkable growth over the last few years driven by increased investment in infrastructure and industrial production. The engineering sector, being closely associated with the manufacturing and infrastructure sectors, is of strategic importance to India's economy. India, on its quest to become a global superpower, has made significant stride towards developing its engineering sector.

The engineering sector in India attracts immense interest from foreign players as it enjoys a comparative advantage in terms of manufacturing cost, technology, and innovation. The above, coupled with favourable regulatory policies and growth in the manufacturing sector, has enabled several foreign players to invest in India.

The Indian engineering sector is of strategic importance to the economy owing to its intense integration with other industry segments. The sector has been de-licensed and enjoys 100% FDI. With the aim to boost the manufacturing sector, the Government has relaxed the excise duties on factory gate tax, capital goods, consumer durables and vehicles.

Storage Solutions Market

The storage solutions industry broadly comprises pallets, racking solutions and shelving solutions. Shelving solutions are ideal for storage of assorted materials that are handpicked. Palletised racking solutions are ideal wherein huge volumes of standard-type products are produced, stored, retrieved and distributed in and out of manufacturing units or warehouses. Pallet Racks provide for manual as well as automated Storage & Retrieval On the other hand, slotted angle racking, multi-tier racking systems, etc, are suitable for manual retrieval of assorted materials.

Pallet racking is an essential component of modern warehousing, manufacturing, retailing and other storage systems. Pallet racks enable storage of materials on pallets, which are easier to use vis-à-vis manual operations.

Usage of pallets also makes loading and unloading convenient through the use of forklifts, and other material handling equipment, which reduces time and improves efficiency.

The market sizing of the organized storage solutions industry, comprising pallets, racking and shelving, is estimated at ₹ 22 billion as of fiscal 2020. The industry grew at a compound annual growth rate (CAGR) of 14-16% over fiscals 2016 to 2020. CRISIL Research forecasts the industry to marginally decline in fiscal 2021 on account of disruptions due to the Covid-19 pandemic and the resulting impact on the supply chains of Indian industries. Although going ahead CRISIL Research expects the industry to log 19-21% CAGR over the next three years to reach ₹ 38 billion in fiscal 2024 from ₹ 21 billion in fiscal 2021, on account of incremental ambient warehouse addition and rise in the share of organised warehousing players due to GST implementation.

B. Opportunities and Threats

Opportunities

- Leverage vertically integrated manufacturing and engineering capabilities, to tap the growing opportunities for aluminium usage in the Automotive – Aluminium Products and Industrial and Engineering segments
- Increase wallet share and acquire new business by leveraging existing OEM relationships and adding new customers
- Growing opportunities in storage solutions market driven by warehouse consolidation due to GST implementation and the growth across end-user industries such as e-commerce, organized retailing, consumer durables, auto components and pharmaceuticals as well as cold storage industries

Threats

- Economic uncertainty: Based on the current and future market environment estimates, the base cost of material are expected to continue to be volatile. GDP witnessed contraction pushing the economy in a recession
- Covid-19 pandemic: With the threat of the pandemic continuing globally, several countries still in lockdown, the resultant economic slowdown
- EVs: Growth of electric vehicles in future is an evolution and may impact demand for light and medium vehicles in the long term. This may also throw up considerable growth in auto aluminium segment.

C. Outlook

FY 20-21 was a challenging business year for all industries in many ways and Craftsman is no exception. A relentless focus on cost management, fiscal prudence, value engineering and customer partnering has enabled the Company to record a creditable performance demonstrating its 'Engineering Advantage' despite being in a challenging year.

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

- Debt reduction and thereby savings in interest cost
- Increasing the Value Addition per product
- To Sustain the EBITDA levels
- Retaining the existing Customer base and wallet share
- New Products/ Services from Existing Customer
- Enhance profitability in Aluminium and Storage Business

D. Discussion on financial performance with respect to operational performance

The Highlights of the Company's performance is provided below:

- Turnover grown by 4.2% and stands at ₹ 1546 Crs despite lockdown situation in Q1 20-21
- PBT grown by 149% from ₹ 59 Crs to ₹ 148 Crs
- PAT grown by 164% from ₹ 37 Crs to ₹ 97 Crs
- EBITDA has grown by 10% from ₹ 404 Crs (EBITDA % Sales 27%) to ₹ 447 Crs (EBITDA % Sales 29%). We have registered highest ever EBITDA in terms of both Value and % Sales during the year FY 20-21
- Capex for the year was at ₹ 106 Crs to enhance technological upgradation wherever it was required and for addressing the emerging opportunities apart from regular maintenance capex.
- Total Long term borrowing (including current maturities) were reduced by ₹ 251 Crs and Short term borrowings were reduced by ₹ 85 Crs. Overall reduction in debt during the year was ₹ 336 Crs. Now, the total debt stands at ₹ 704 Crs (LY ₹ 1040 Crs)
- Operating cash flow now stands at ₹ 356 Crs Operating cashflow to EBITDA is 80% (as against ₹ 306 Crs in LY 76%)

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

Particulars	Unit	FY 2020-21	FY 2019-20	% Change
Debtors Turnover	Times	6.57	7.66	-14%
Inventory Turnover	Times	1.66	1.86	-11%
Interest Coverage Ratio*	Times	4.17	2.72	53%
Current Ratio	Times	0.96	0.79	21%
Debt Equity Ratio*	Times	0.72	1.42	-49%
Operating Profit Margin (%)	%	16%	14%	18%
Net Profit Margin (%) *	%	6%	2%	153%
Return on Net Worth*	%	10%	5%	93%

Ratios	Reason for changes
Interest Coverage Ratio	1. Reduction in debt (from ₹ 1,040 Crs to ₹ 704 Crs) and the interest cost (from ₹ 149 Crs to ₹ 107 Crs) 2. Higher EBITDA margin (FY 20-21 29% FY 1920 27%)
Debt Equity Ratio	1. Reduction in debt (from ₹ 1,040 crs to ₹ 704 Crs) 2. PAT increased from ₹ 37 Crs to ₹ 97 Crs
Net Profit Margin (%)	1. Reduction in interest cost from ₹ 149 Crs to ₹ 107 Crs 2. Increase in EBITDA margin from 27% to 29%
Return on Net Worth	During FY 2021 the Company has performed better in PAT by 164% and PBT by 149% thanks to interest cost reduction and other cost reduction initiatives

F. Segment–wise or product-wise performance

Segment	FY 20-21		FY 19-20	
	Sales	EBIT	Sales	EBIT
	₹ Crs	%	₹ Crs	%
Automotive Powertrain	811	27%	709	21%
Automotive Aluminium	330	1%	258	3%
Industrial & Engineering	405	19%	516	18%

Automotive Powertrain

- FY 2019-20 was the year of BS6 implementation and there was a slower growth in automobile sector. Due to pandemic scenario in FY 20-21 the automobile industry has further degrown.
- Inspite the degrowth in the industry, our Company has grown in Powertrain segment mainly on account of improvement in the Value addition per vehicle and sustained profitability with Cost reduction initiatives in Manufacturing.
- The Company is into powertrain for major Commercial vehicles, off-highway vehicles, tractors and SUVs.

Automotive Aluminium

- India in the coming years will start focusing on the light weighting vehicles for better efficiencies to achieve lesser emissions. Further, the heavier old generation vehicles have to comply with CAFÉ norms by reducing the weight.
- This will enhance more aluminium content per vehicle and improve opportunities for Auto Aluminium Segment going forward.

Industrial & Engineering

- The industrial & engineering segment is a well diversified business. The major portion is coming from high end products and subassemblies for contract manufacturing and Storage solution business
- The storage solution division has registered a growth of 42% (from ₹ 73 Crs to ₹ 104 Crs) during the year

G. Internal control systems and their adequacy

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

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

H. Risks and concerns.

The Risk Management Committee maintains an active oversight of the risk and the effectiveness of the risk mitigation strategies and plans put in place by the Company.

Covid-19 highlighted the need to proactively define and implement strategies to address pandemic risk as one of the key business risks facing the Company. The general slowdown of the economy due to disruptions caused by the pandemic as well as continued volatility in input costs and foreign exchange remains a risk. The Company has appropriate mitigation plans to protect margins while continuing to grow and transform the business. While the Company's focus on long term strategic drivers and brand building continues, during 2020 appropriate strategic and pricing interventions as well as cost and efficiency management programmes were undertaken keeping in mind input costs, competitive positioning and product brand strategy.

The Company actively managed its cyber security risk including the impact of greater remote working required during the pandemic by promoting the right behaviours and using tools and processes to protect its information, systems, assets and people against current and emerging cyber security threats.

The Company has a robust risk mitigation plan to minimize identified risks through continuous monitoring and mitigating actions as may be required.

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

FY 20-21 is the year of the pandemic but all our plants have been functioning normally since May on easing of lockdown restrictions. Post the easing of lockdown restrictions, there has been a focus on renewing and continuing operations in a safe and sustainable manner. The reopening of plants post lockdown has been done in a manner that provides a safe working environment for the workforce. All Safety protocols mandated by local authorities at the different plant locations have been followed. A much better than expected recovery in demand in the second half of the year has been a challenge for operating teams at the plants.

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

During the year ended March 2021, the Company has employed 1989 permanent workmen and staff.

Annexure - 2

CORPORATE GOVERNANCE REPORT

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

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

I. Company's philosophy:

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

II. Board of Directors:

Composition of the Board

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

As on 31st March 2021, the Board members consist of One Executive Chairman and Managing Director who is Promoter of the Company, One Whole Time Director, One Nominee Director who has been nominated by Standard Chartered Private Equity (Mauritius) II Limited (now Marina III (Singapore) Pte Limited) and Three Independent Directors including One Non-Executive Women Independent Director.

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

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

Meetings and attendance

During the financial year 2020-21, Nine Board Meetings were held on 07th May, 2020, 10th July, 2020, 28th October, 2020, 20th November, 2020, 05th December, 2020, 09th December, 2020, 25th January, 2021, 05th March, 2021 and 18th March, 2021. The composition of the Board, attendance at the Board Meetings during the year ended on 31st March 2021 and the last Annual General Meeting and also the number of other directorships and Committee memberships are given below:

S. No	Name of Directors and Designation	Category of Directorship	Date of Appointment	Number of shares held in the Company	No. of Board Meetings attended (From 01.04.2020 to 31.03.2021- Total Meetings held - 9)	Attendance at Last AGM	No. of other Directorships* held in Public Companies	No. of Membership (M)/ Chairmanship (C) in other Board Committee(s)**	
								Member	Chairman
1.	Mr.Srinivasan Ravi, Chairman and Managing Director	Promoter, Executive Director	18/07/86	1,05,00,000	9	Yes	1	1	0
2.	Mr.Ravi Gauthamram, Whole Time Director	Executive Director	20/02/14	200	9	Yes	1	0	0
3.	Mr.Chandramohan Natarajan^ Whole Time Director	Executive Director	24/06/16	-	2	Yes	1	0	0
4.	Mr.Chandrashekhar Madhukar Bhide Independent Director	Non-Executive Independent Director	31/01/11	-	9	Yes	1	2	2
5.	Mr.Sundararaman Kalyanaraman Independent Director	Non-Executive Independent Director	30/06/17	-	9	Yes	1	2	0
6.	Mr.Kallukurichi Kanniah Balu# Independent Director	Non-Executive Independent Director	12/11/11	-	1	Yes	1	0	0
7.	Mrs.Vijaya Sampath Independent Director	Non-Executive Independent Director	30/04/18	-	9	No	7	5	1
8.	Mr.Udai Dhawan Nominee Director	Non-Executive Nominee Director	25/11/16	-	8	No	3	2	0

*In accordance with the provisions of the SEBI LODR Regulations, 2015, directorships held in Private Limited and Foreign Companies have been excluded. Directorship in listed entities including Craftsman Automation Limited are shown.

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

^ Ceased to be a Whole Time Director w.e.f 30th June, 2020 upon completion of term and resigned from the position of Director w.e.f. 10th July, 2020.

#Ceased to be a Director consequent to the expiry of term of office as Independent Director on 23rd May, 2020.

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

Sl. No.	Name of the Director	Name of the listed entity in which Directorship held	Category of Directorship
1.	Mrs.Vijaya Sampath	Ingersoll-Rand (India) Limited	Non-Executive Independent Director
		Eris Lifesciences Limited	Non-Executive Independent Director
		Safari Industries (India) Limited	Non-Executive Independent Director
		Varroc Engineering Limited	Non-Executive Independent Director
		Va Tech Wabag Limited	Non-Executive Independent Director
		Intellect Design Arena Limited	Non-Executive Independent Director
2.	Mr.Udai Dhawan	Redington (India) Limited	Director
		Prime Focus Limited	Director

Disclosure of relationship between directors inter-se:

Mr.S.Ravi Chairman and Managing Director and Mr.R.Gauthamram, Whole Time Director are related to each other. No other Director is related to each other.

Shareholding of Non-executive directors:

Details of shares held by the Non-executive directors of the Company are as under:

Sr. No.	Name of the Non-executive director	No. of equity shares held in the Company	No. of convertible instruments held in the Company
1.	Mr.Chandrashekhar Madhukar Bhide	NIL	There is no convertible instruments issued by the Company.
2.	Mr.Sundararaman Kalyanaraman		
3.	Mr.Kallukurichi Kanniah Balu*		
4.	Mrs.Vijaya Sampath		
5.	Mr.Udai Dhawan		

* Ceased to be a Director consequent to the expiry of term of office as Independent Director on 23rd May, 2020.

Familiarisation programmes:

The Company has a familiarisation programme for Independent Directors with regard to their role, rights, responsibilities in the Company, nature of the Industry, the business models of the Company etc. and the details of the same are available on the website of the Company.

Certificate of Independence from Practicing Company Secretaries:

In terms of SEBI LODR Regulations, 2015, KSR & Co Company Secretaries LLP, Company Secretaries, has issued a certificate that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the companies by SEBI / Ministry of Corporate Affairs or any other statutory authority. The certificate forms part of Corporate Governance Report and is given in **Annexure – A.**

Chart/Matrix Setting Out the Skills/Expertise/Competence of The Board of Directors:

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

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

Skills/Expertise/ Competence	Mr.S. Ravi	Mr.R. Gauthamram	Mr. Chandrashekhar Madhukar Bhide	Mr. Sundararaman Kalyanaraman	Mrs. Vijaya Sampath	Mr. Udai Dhawan
Industry Knowledge/ experience						
Industry experience	Yes	Yes	Yes	Yes	No	No
Knowledge of sector	Yes	Yes	Yes	Yes	No	Yes
Knowledge of broad public policy direction	Yes	Yes	No	Yes	Yes	No
Understanding of government legislation/ legislative process	Yes	Yes	No	Yes	Yes	No
Technical Skills/experience						
Accounting	Yes	Yes	Yes	Yes	Yes	Yes
Finance	Yes	Yes	Yes	Yes	Yes	Yes
Law	Yes	Yes	No	No	Yes	No
Marketing experience	Yes	Yes	Yes	Yes	No	No
Information Technology	Yes	Yes	Yes	Yes	No	No
Public relations	Yes	Yes	Yes	Yes	Yes	No

Skills/Expertise/ Competence	Mr.S. Ravi	Mr.R. Gauthamram	Mr. Chandrashekhar Madhukar Bhide	Mr. Sundararaman Kalyanaraman	Mrs. Vijaya Sampath	Mr. Udai Dhawan
Experience in developing and implementing risk management systems	Yes	Yes	No	Yes	No	No
Human resources management	Yes	Yes	No	Yes	No	No
CEO/Senior management experience	Yes	Yes	Yes	Yes	Yes	Yes
Strategy development and implementation	Yes	Yes	Yes	Yes	Yes	No
Governance competencies						
Director	Yes	Yes	Yes	Yes	Yes	Yes
Financial Literacy	Yes	Yes	Yes	Yes	Yes	Yes
Strategic thinking/planning from a governance perspective	Yes	Yes	Yes	Yes	Yes	Yes
Executive performance management - management of the CEO	Yes	Yes	Yes	Yes	Yes	Yes
Governance related risk management experience	Yes	Yes	Yes	Yes	Yes	Yes
Compliance focus	Yes	Yes	Yes	Yes	Yes	No
Profile/reputation	Yes	Yes	Yes	Yes	Yes	Yes
Behavioural competencies						
Team Player/collaborative	Yes	Yes	Yes	Yes	Yes	Yes
Ability and willingness to challenge and probe	Yes	Yes	Yes	Yes	Yes	Yes
Common sense and sound judgement	Yes	Yes	Yes	Yes	Yes	Yes
Integrity and high ethical standards	Yes	Yes	Yes	Yes	Yes	Yes
Mentoring abilities	Yes	Yes	Yes	Yes	Yes	Yes
Interpersonal relations	Yes	Yes	Yes	Yes	Yes	Yes
Listening skills	Yes	Yes	Yes	Yes	Yes	Yes
Verbal communication skills	Yes	Yes	Yes	Yes	Yes	Yes
Understanding of effective decision-making processes	Yes	Yes	Yes	Yes	Yes	Yes
Willingness and ability to devote time and energy to the role	Yes	Yes	Yes	Yes	Yes	Yes

Independent Directors:

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

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

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

Sl. No.	Name of the Member	No. of Meetings held	No. of Meetings attended
1.	Mr.Chandrashekhar Madhukar Bhide	1	1
2.	Mr.Sundararaman Kalyanaraman	1	1
3.	Mr.Kallukurichi Kanniah Balu*	NA	NA
4.	Mrs.Vijaya Sampath	1	1

*Ceased to be a Director consequent to the expiry of term of office as Independent Director on 23rd May, 2020.

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

III. Audit Committee:

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

During the financial year 2020-21, the Audit Committee met four times during the year i.e. 07.05.2020, 10.07.2020, 28.10.2020 and 25.01.2021.

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

Sl. No.	Name of the Member	Category	No. of Meetings held	No. of Meetings attended
1	Mr.Chandrashekhar Madhukar Bhide Non-Executive Independent Director	Chairman	4	4
2	Mr.Sundararaman Kalyanaraman Non-Executive Independent Director	Member	4	4
3	Mrs.Vijaya Sampath Non-Executive Independent Director	Member	4	4
4	Mr.Udai Dhawan Non-Executive Nominee Director	Member	4	3

The Company Secretary is also Secretary to the Audit Committee.

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

IV. Nomination and Remuneration Committee:

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

During the financial year 2020-21, Nomination and Remuneration Committee met once on 07.05.2020.

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

Sl. No.	Name of the Member	Category	No. of Meetings held	No. of Meetings attended
1	Mrs.Vijaya Sampath Non-Executive Independent Director	Chairperson	1	1
2	Mr.Chandrashekhar Madhukar Bhide Non-Executive Independent Director	Member	1	1
3	Mr.Sundararaman Kalyanaraman Non-Executive Independent Director	Member	1	1

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

Performance evaluation criteria for Independent Directors:

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

The criteria for performance evaluation forms part of the Nomination and Remuneration Policy of the Company, which is placed on the Company's website at www.craftsmanautomation.com

V. Remuneration of Directors:

Pecuniary Relationship of Non-Executive Directors

The Company has no pecuniary relationship or transaction with its Non-Executive and Independent Directors other than payment of sitting fees to them for attending Board and committee meetings and commission as approved by members and Board for their invaluable services to the Company.

i. Non-Executive Directors:

The Non-Executive Director(s) of the Company are remunerated in two ways viz., sitting fees and commission. Sitting fees is paid to the Non-Executive Directors for attending the meetings of Board of Directors, Committees of Board of Directors and other meetings of Directors at the rate of 50,000/- and 35,000/- respectively per meeting.

In addition to the sitting fees, Commission, as approved by the shareholders at the Extra Ordinary General Meeting held on 30th April, 2018 of ₹ 150,000 per calendar quarter per Non-Executive Directors subject to the total annual commission exclusive of applicable GST thereon, if any, to all the Non- Executive Directors shall not exceed 1% of the net profit of the Company during any financial year calculated in accordance with provisions of the Act.

Criteria of making payments to non-executive directors:

Criteria of making payments to non-executive directors are as per the nomination and remuneration policy of the Company and the same is available at web link: https://www.craftsmanautomation.com/wp-content/uploads/2019/05/3.-CAL-Nomination-Remuneration-and-Board-Evaluation-Policy.pdf

ii. Executive Directors:

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

iii. Details of remuneration paid to the Directors for the year ended 31st March 2021.

(₹ In Lakhs)

S. No	Name of Directors and Designation	Category of Directorship	Salary	Commission	Sitting Fees	Others	Total
1.	Mr.Srinivasan Ravi, Chairman and Managing Director	Promoter, Executive Director	373.48	814.07	-	6.92	1194.47
2.	Mr.Ravi Gauthamram, Whole Time Director	Executive Director	47.56	-	-	1.71	49.26
3.	Mr.Chandramohan Natarajan^ Whole Time Director	Executive Director	5.05	-	-	-	5.05
4.	Mr.Chandrashekhar Madhukar Bhide Independent Director	Non-Executive Independent Director	-	6.00	5.90	-	11.90
5.	Mr.Sundararaman Kalyanaraman Independent Director	Non-Executive Independent Director	-	6.00	5.29	-	11.29
6.	Mr.Kallukurichi Kanniah Balu# Independent Director	Non-Executive Independent Director	-	0.87	0.38	-	1.25
7.	Mrs.Vijaya Sampath Independent Director	Non-Executive Independent Director	-	6.00	5.29	-	11.29
8.	Mr.Udai Dhawan	Non-Executive Nominee Director	-	6.00	5.00	-	11.00

^ Ceased to be a Whole Time Director w.e.f 30th June, 2020 upon completion of term and resigned from the position of Director w.e.f. 10th July, 2020

Ceased to be a Director consequent to the expiry of term of office as Independent Director on 23rd May, 2020.

> There are no stock options available/ issued to any non-executive Directors of the Company.

> The Company has not granted any stock options to the directors and hence, it does not form part of the remuneration package payable to any Director. During the year, the Company did not advance any loan to any director.

iv. Details of Service contracts, notice period, severance fees etc

Name	Service Contracts	Notice period and severance fees	Stock Option details
Mr. Srinivasan Ravi	NIL	NIL	NIL
Mr. Ravi Gauthamram	NIL	NIL	NIL

VI. Stakeholders Relationship Committee:

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

However, it is to be noted that, the Company has listed its securities on BSE Limited and National Stock Exchange of India Limited on 25th March, 2021. Since, prior to 25th March, 2021 the Company was unlisted Company, the requirement of conducting Stakeholders Relationship Committee was not mandatory and therefore, the Committee has not met during the financial year 2020-21.

During the year 2020-21, following complaints were received from shareholders and investors. All the complaints have been resolved to the satisfaction of the complainants.

The number of complaints received, disposed of and pending during the year are as under:

Sr.No.	Particulars	No. of Complaints
1.	Pending at the beginning of the quarter	NIL
2.	Received during the quarter	5
3.	Disposed of during the quarter	5
4.	Remaining unresolved at the end of the quarter	NIL

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

Sl. No.	Name of the Member	Category	No. of Meetings held	No. of Meetings attended
1	Mrs.Vijaya Sampath* Non-Executive Independent Director	Chairperson*	NA	NA
2	Mr.Chandrashekhar Madhukar Bhide** Non-Executive Independent Director	Chairman	NA	NA
3	Mr.Srinivasan Ravi Executive Director	Member	NA	NA
4	Mr.Sundararaman Kalyanaraman^ Non-Executive Independent Director	Member	NA	NA

* Mrs.Vijaya Sampath resigned as chairperson of the Committee w.e.f. 5th December, 2020

** Designated as Chairman of the Committee w.e.f. 5th December, 2020

^ Appointed as Member of the Committee w.e.f. 5th December, 2020

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

VII. Risk Management Committee:

The Company has listed its securities on BSE Limited and National Stock Exchange of India on 25th March, 2021. As required under Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Risk Management Committee has been constituted with majority of Board of Directors and one Independent Director as its members. The Committee was constituted on 5th May, 2021.

The Risk Management Committee monitors, reviews the risk management plan of the Company and performs such other functions as mandated by the Board of Directors.

The composition of and attendance at the Risk Management Committee meetings are given below:

Sl. No.	Name of the Member	Category	No. of Meetings held	No. of Meetings attended
1	Mr.Srinivasan Ravi Executive Director	Chairman	NA	NA
2	Mr. Ravi Gauthamram Executive Director	Member	NA	NA
3	Mr.Sundararaman Kalyanaraman Non-Executive Independent Director	Member	NA	NA
4	Mr.C.B.Chandrasekar Chief Financial Officer	Member	NA	NA

VIII. General Body Meetings:

Details of the Annual General Meeting(s) (AGM) of the Company held during the preceding three years are tabulated below:

Year	Type	Location	Date	Time	Special Resolutions passed in the AGM by the Shareholders
2018	AGM	No.1078, IVth Floor, Senthel Towers, Avanashi Road, Coimbatore – 641 018.	06.08.2018	11.30 A.M	NIL
2019	AGM	No.1078, IVth Floor, Senthel Towers, Avanashi Road, Coimbatore – 641 018.	25.06.2019	02.30 P.M	
2020	AGM	No.1078, IVth Floor, Senthel Towers, Avanashi Road, Coimbatore – 641 018.	20.05.2020	03.00 P.M	

The Extra Ordinary General Meetings Held during the year 2020-21 as under:

Year	Type	Location	Date	Time	Special Resolutions passed in the EGM by the Shareholders
2020	EGM	No.1078, IVth Floor, Senthel Towers, Avanashi Road, Coimbatore – 641 018.	07.12.2020	11.00 A.M	1. Raising of Capital through Initial Public Offering of Equity Shares

No special resolution was required to be put through postal ballot last year:

No item of business requiring voting by postal ballot is included in the Notice convening the Annual General Meeting or Extra Ordinary General Meeting of the Company.

IX. Means of Communication:

The equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on 25th March, 2021. Post listing of equity shares, quarterly and annual financial results were published in the leading English newspapers "Business Standard" and Tamil newspaper "Dinamani". The said results are promptly furnished to the Stock Exchanges for display on their respective websites and are also displayed on the Company's website.

X. General Shareholder Information:

a	Date, Time and Venue of the Annual General Meeting	21st June, 2021, 4.00 PM IST & through Video Conferencing (VC)/Other Audio Visual Means (OAVM)
b	Financial year 1st April to 31st March	Will be published on or before (tentative and subject to change):
	Result for Quarter ending June 30, 2021	On or before 14th August, 2021
	Result for Quarter ending September 30, 2021	On or before 14th November, 2021
	Result for Quarter ending December 31, 2021	On or before 14th February, 2022
	Result for Quarter ending March 31 2021	On or before 30th May, 2022
c	Dividend payment date	No Dividend declared for the year

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

a) The Company's Equity Shares are listed on the following Stock Exchanges:

i) BSE Limited, P.J. Towers, Dalal Street, Fort, Mumbai - 400 001.

ii) National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.

b) Company's Equity Shares are traded in Group "B" category in BSE Limited.

c) The Company has paid the Listing Fees for the year 2020-21 and 2021-22 to BSE Limited and National Stock Exchange of India Limited where the Company's equity shares are listed.

e	Stock Code	BSE: 543276 NSE: CRAFTSMAN ISIN: INE00LO01017

f Stock market price data- high, low during each month in last financial year:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Mar-21	1,530.00	1,349.20	1,530.00	1,350.00

Note: The equity shares of the Company were listed on BSE and NSE on 25th March, 2021.

g Share Performance v/s BSE Sensex and CNX Nifty (March 2021)

Month	BSE Closing Price (in ₹)	NSE Closing Price (in ₹)	Closing BSE Sensex	Closing CNX Nifty
Mar-21	1,417.85	1,419.45	49,509.15	14690.7

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

i **Registrar and share transfer agents**

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

Link Intime India Private Limited

Surya 35, Mayflower Avenue,

Behind Senthil Nagar,

Sowripalayam Road,

Coimbatore – 641 28.

Tel: 0422- 2314792

Email id: coimbatore@linkintime.co.in

j **Share transfer system**

In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, securities of listed companies can only be transferred in dematerialized form with effect from 1st April, 2019. In view of the same, the entire share capital of the Company is in dematerialised form. The shares can be transferred by shareholders through their Depository Participants.

k Distribution of shareholding as on March 31 2021

S.No	No. of Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1.	Up to 500	135501	99.8600	1429384	6.77
2.	501 to 1000	58	0.0427	45111	0.21
3.	1001 to 2000	31	0.0228	47926	0.23
4.	2001 to 3000	17	0.0125	45401	0.21
5.	3001 to 4000	4	0.0029	13252	0.06
6.	4001 to 5000	12	0.0088	55863	0.26
7.	5001 to 10000	13	0.0096	97500	0.46
8.	10001 and above	55	0.0405	19393874	91.79
	TOTAL	**135691**	**100.00**	**21128311**	**100.00**

l Dematerialization of shares and liquidity

As on March 31 2021 100.00% of the Company's Equity Shares have been dematerialized.

m Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity shares as on March 31 2021: NIL

n Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:

i. Risk management policy of the listed entity with respect to commodities including through hedging:

The Company does not have any significant exposure to commodity price risk.

ii. Exposure of the Company to commodity and commodity risks faced by the entity throughout the year:

a) Total exposure of the listed entity to commodities in INR: Nil.

b) Exposure of the listed entity to various commodities:

Commodity Name	Exposure in INR towards the particular commodity	Exposure in Quantity terms towards the particular commodity	% of such exposure hedged through commodity derivatives				Total
			Domestic market		International market		
			OTC	Exchange	OTC	Exchange	
NA	NA	NA	NA	NA	NA	NA	NA

o **Plant locations:**

- Unit 2 Kurichi, Coimbatore, Tamil Nadu
- Unit 3 Headquarter, Arasur, Coimbatore, Tamil Nadu
- Unit 2 Sanaswadi, Pune, Maharashtra
- Unit 3 Sanaswadi, Pune, Maharashtra
- Unit 4 Pimple Jagtap, Pune, Maharashtra
- Pithampur Unit, Madhya Pradesh
- Jamshedpur Unit, Jharkhand
- Unit 1 Ballabgarh, Faridabad, Haryana
- Unit 2 Ballabgarh, Faridabad, Haryana
- Unit 1 Bengaluru, Karnataka.
- Unit 2 Bengaluru, Karnataka
- Sriperumbudur, Chennai, Tamil Nadu

p **Address for correspondence**

The Registered Office:
Mr.Shainshad Aduvanni
Company Secretary & Compliance Officer
"Senthel Towers, 1078, IVth Floor,
Avanashi Road,
Coimbatore – 641 018, Tamil Nadu
CIN: L28991TZ1986PLC001816
Website: https://www.craftsmanautomation.com/
Email id: investor@craftsmanautomation.com

q **Credit Ratings:**

The Loan facilities are rated as BBB+/Stable (Reaffirmed) for long term loans and A2 (Reaffirmed) for Short Term loans by CRISIL.

XI. Other Disclosures:

- There were no materially significant related party transactions that would have potential conflict with the interests of the Company at large. Details of related party transactions are given in note number 3.5 of the standalone financial statements of the Annual Report.
- No penalty or strictures have been imposed on the Company by any Stock Exchange or Securities and Exchange Board of India or any Statutory Authority on any matter related to capital markets during the last three years.
- A Whistle Blower Policy is adopted by the Company, the whistle blower mechanism is in vogue and no personnel has been denied access to the Audit Committee.
- All the mandatory requirements have been duly complied with and certain discretionary disclosure requirements were undertaken.
- The Company's Policy relating to determination of Material Subsidiaries is available at the Company website at web link: https://www.craftsmanautomation.com/wp-content/uploads/2021/03/8.-CAL-Policy-for-determining-Material-Subsidiaries.pdf
- The policy of the Company relating to Related Party Transaction is available at the Company's website at web link: https://www.craftsmanautomation.com/wp-content/uploads/2021/03/11.-CAL-RPT-Policy.pdf .
- The Company does not have any significant exposure to commodity price risk. Hence, the Company is not undertaking any commodity hedging activities.
- The Company has not raised any funds through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- A certificate from a Company Secretary in Practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority has been obtained and is annexed to this report.
- During the year under review, the recommendations made by the different Committees have been accepted and there were no instances where the Board of Directors had not accepted any recommendation of the Committees.
- The Company has paid a sum of ₹ 76 Lakhs as fees on consolidated basis to the Statutory auditors and all entities in the network firm / entity of which the Statutory auditors is a part for the services rendered by them.
- As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted an Internal Complaints Committee. During the year 2020-21, no complaints were received by the Committee.

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

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

Sr. No	Requirements specified in Part E of Schedule II	Adoption by the Company
1.	**The Board:** A non-executive chairperson may be entitled to maintain a Chairperson's office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his duties.	The Company does not have a non-executive Chairman.
2.	**Shareholder Rights:** A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders	The Company has listed its securities on BSE Limited and National Stock Exchange of India Limited on 25th March, 2021. Therefore, compliance with this clause is not applicable to the Company.
3.	**Modified opinion(s) in audit report:** The listed entity may move towards a regime of financial statements with unmodified audit opinion	Company has submitted a declaration with the stock exchanges that the Statutory Auditors of the Company have issued Audit Report on Audited Financial Results for year ended 31st March 2021 with unmodified opinion.
4.	**Reporting of Internal Auditor:** The Internal auditor may report directly to the Audit Committee	The Internal Auditors of the Company report directly to the Audit Committee

XIV. Details of information on appointment and re-appointment of Directors forms part of the Notice convening the 35th Annual General Meeting

XV. The Company is fully compliant with the Corporate Governance requirements as specified in Regulation 17 to 27 and clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For and on behalf of the Board of Directors

Srinivasan Ravi
Chairman and Managing Director
DIN:01257716

Coimbatore
05.05.2021

Annexure - A

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,
Craftsman Automation Limited,
'Senthel Towers', IV Floor
1078, Avanashi Road
Coimbatore – 641 018

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Craftsman Automation Limited** having **CIN L28991TZ1986PLC001816** and having its registered office at 'Senthel Towers', IV Floor 1078, Avanashi Road Coimbatore – 641 018 (hereinafter referred to as 'the Company'), produced before me/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 and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of my/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 ended on 31st March 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs:

Sr. No.	Name of Director	DIN	Date of Appointment/ Re-appointment in the Company
1.	Mr.Srinivasan Ravi	01257716	18.07.1986/01.10.2016
2.	Mr.Ravi Gauthamram	06789004	20.02.2014/01.10.2016
3.	Mr.Chandrashekhar Madhukar Bhide	00027967	31.01.2011/24.05.2018
4.	Mr.Sundararaman Kalyanaraman	01252878	30.06.2017/24.05.2018
5.	Mrs.Vijaya Sampath	00641110	30.04.2018
6.	Mr.Udai Dhawan	03048040	25.11.2016/28.04.2017

Ensuring the eligibility 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 **KSR & Co Company Secretaries LLP**

Dr.C.V.Madhusudhanan
Partner
FCS: 5367; CP:4408
UDIN: F005367C000247136

Coimbatore
05.05.2021

Annexure - 3

CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Members,
Craftsman Automation Limited,
"Senthil Towers" IV Floor,
1078, Avanashi Road,
Coimbatore – 641 018

We have examined documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and all the relevant records for certifying the compliance of conditions of Corporate Governance by Craftsman Automation Limited **(CIN L28991TZ1986PLC001816)** (the Company) for the year ended 31st March 2021, as stipulated in Regulation 34 (3) read with Para E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Management's Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the management. The management along with the Board of Directors are responsible in implementation and maintenance of internal control and procedures to ensure compliance with conditions of corporate governance as stated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015. However, the Company became a listed entity upon listing of its equity shares pursuance to allotment made on 22nd March, 2021 which was listed on the BSE Limited and National Stock Exchange of India Limited on 25th March, 2021.

Our Responsibility

Our examination was limited to implementation of the conditions thereof and adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period from 25th March, 2021 to 31st March 2021. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Our Opinion

In terms of Regulation 15(2)(a) of the Listing Regulations, the compliance with the corporate governance provisions specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations are applicable to a Listed Entity within six months from the date on which the Company became a listed entity viz., 25th March, 2021.

Considering the short period from 25th March, 2021 to 31st March 2021 (the Period) during which the Company is a listed entity, in our opinion and on the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with the conditions of Corporate Governance, to the extent applicable for the Period, as specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations. .

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **KSR & Co Company Secretaries LLP**

Dr.C.V.Madhusudhanan
Partner
FCS: 5367; CP:4408
UDIN: F005367C000247147

Coimbatore
05.05.2021

Annexure - 4

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. **Brief outline on CSR Policy of the Company:**

   Craftsman Automation Limited (CAL) as a corporate citizen and enterprise believes that businesses are built around strong social background and inclusive growth and it is bounden duty of the business to support the society, though voluntarily, in helping to improve the quality of living. CAL aims to do its business in a responsible manner and develop a sustainable business model. As a matter of minimum requirement, CAL would do its business in accordance with the laws that apply from time to time and adhere to applicable rules, regulations, policies and procedures.

   CAL believes that creation of large societal capital is as important as wealth creation for its stakeholders. In order to achieve the same, every business entity must carry on its business in a responsible manner.

   CAL may undertake CSR activities of the following nature and may undertake any other CSR activities as may be approved by the CSR Committee from time to time as are falling under schedule VII of the Companies Act, 2013.

   i. **Promotion of Health care:** CAL may undertake projects or programs or activities aimed at improving the health and hygiene of the socially or economically weaker sections , families Below Poverty Line (BPL) by providing free or subsidized medicine, clinical laboratory facilities, free or concessional treatments at hospitals, providing medical equipments, setting up of medical and diagnostic camps, free medical insurance for a group of people or families in the BPL category, projects or programs aimed at eradicating poverty or malnutrition of women and children, pain and palliative care etc.

   ii. **Old Age homes /Day Care facilities for senior Citizens:** CAL may undertake projects or programs or activities for the protection of elderly citizens by establishing, funding or otherwise supporting old age homes and day care facilities including medical aid, food and accommodation.

   iii. **Promotion of Education:** CAL may undertake projects or programs or activities aimed at the promotion of elementary to professional education and to support the students belonging to weaker sections of the society including SC/ST/OBCs by way of setting up schools, colleges, coaching centers, providing libraries, text books and other study materials, vocational training centers and centers for physically challenged students, providing endowments or other forms of recognitions to successful candidates pursuing recognized examinations, scholarships or other forms of merit cum means assistance etc.

   iv. **Sanitation:** CAL may undertake construction of public toilets, toilets in government run schools and other places and promote sanitation in public places, rural areas including garbage clearing and disposal.

   Apart from the above thrust areas, CAL may undertake the following CSR Activities too depending upon needs:

   i. Improving the livelihood, employability and income generation of the communities around units of CAL;

   ii. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;

   iii. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;

   iv. Measures for the benefit of armed forces veterans, war widows and their dependents;

   v. Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sport;

   vi. Contribution to Prime Minister's National Relief Fund or any other fund set up by the Central Government for Socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.

   vii. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.

   viii. Rural development projects

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during 2020-2021	Number of meetings of CSR Committee attended during 2020-2021
1.	Srinivasan Ravi	Chairman and Managing Director	2	2
2.	Chandrashekhar Madhukar Bhide	Independent Director	2	2
3.	Udai Dhawan	Nominee Director	2	2
4	Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.	https://www.craftsmanautomation.com/wp-content/uploads/2017/07/1.-CAL-Policy-on-Corporate-Social-Responsibility.pdf		
5	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		

6. 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 2020-2021, if any

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

7. Average net profit of the company as per section 135(5).

Average net profit of the Company for last three financial years (2018, 2019 and 2020) calculated in accordance with the provisions of the Section 198 of the Companies Act, 2013 is INR 77.01 Crores.

Sl. No.	Particulars	Remarks
(a)	Two percent of average net profit of the company as per section 135(5)	1.54 Crores
(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	NIL
(c)	Amount required to be set off for the financial year, if any	NIL
(d)	Total CSR obligation for the financial year (7a+7b-7c)	1.54 Crores

8. (a) CSR amount spent or unspent for the financial year 2020-2021:

Total Amount Spent for the Financial Year 2020-2021 (in ₹)	Amount Unspent (in ₹)				
	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.
53,28,150	₹ 1,01,95,790	30.04.2021	NIL		

(b) Details of CSR amount spent against ongoing projects for the financial year 2020-2021:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
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		Project duration	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
1	Construction of Laboratory	Promotion of Education	Yes	Tamil Nadu	Coimbatore	3 years	₹ 31,50,790/-	₹ 10,00,000	₹ 21,50,790/-	Yes	NIL	
2	Conservation of Water bodies towards construction of drain with culvert	Environment	Yes	Tamil Nadu	Coimbatore	3 years	₹ 80,45,000/-	NIL	₹ 80,45,000/-	Yes	NIL	
	Total						₹ 1,11,95,790	₹ 10,00,000	₹ 1,01,95,790/-			

(c) Details of CSR amount spent against other than ongoing projects for the financial year 2020-2021:

(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 for the project (in ₹).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name	CSR registration number.
1	Providing rice to needy people during COVID-19 lock down	Eradicating hunger / Health care	Yes	Tamil Nadu	Coimbatore	₹ 61,100/-	Yes	NIL	
2	Promoting Road safety education / awareness and promoting preventive healthcare to Govt. and Corporation schools	Safety and welfare	Yes	Tamil Nadu	Coimbatore	₹ 50,000/-	Yes	NIL	
3	Eye Camp / Medical Treatment	Health care	No	Jharkhand	Jamshedpur	₹ 6,78,840/-	Yes	NIL	

(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 for the project (in ₹).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name	CSR registration number.
4	Donated cots, beds, pillows, bed sheets, pillow covers etc., for the Covid patients facility set up at Coimbatore	Health care	Yes	Tamil Nadu	Coimbatore	₹ 15,96,360/-	Yes		NIL
5	Supply of food and water packets	Eradicating hunger / Health care	Yes	Tamil Nadu	Coimbatore	₹ 6,00,000/-	Yes		NIL
6	Donated wheel chairs to differently abled people	Health care	Yes	Tamil Nadu	Coimbatore	₹ 3,41,850/-	Yes		NIL
7	Donated amount towards purchase and erection of Waste Decomposition Garbage Equipment	Environment	Yes	Tamil Nadu	Sriperumbudur	₹ 10,00,000/-	Yes		NIL
		Total				**₹ 43,28,150/-**			

(d) Amount spent in Administrative Overheads - NIL

(e) Amount spent on Impact Assessment, if applicable - NIL

(f) Total amount spent for the Financial Year - ₹ 53,28,150/-

(8b+8c+8d+8e)

(g) Excess amount for set off, if any - NIL

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	1,54,02,949
(ii)	Total amount spent for the Financial Year	1,55,23,940
(iii)	Excess amount spent for the financial year [(ii)-(i)]	1,20,991
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

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 ₹)	Amount spent in the reporting Financial Year (in ₹).	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 ₹)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
Not Applicable							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in ₹).	Amount spent on the project in the reporting Financial Year (in ₹).	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed / Ongoing.
NIL								

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 - NIL

(asset-wise details).

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

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).

The Company needs to mandatorily spend ₹ 1,54,02,949 in financial year 2020-21 towards CSR activities, however, the Company had voluntarily allocated a sum of ₹ 1,55,00,000 for CSR activities for the for financial year 2020-21. Out of mandated limit of ₹ 1,54,02,949, the Company has spent ₹ 53,28,150/- for the financial year 2020-21. The difference amount of ₹ 1,01,95,790/- could not be spent as the Company has chosen long term projects which got delayed due to the global pandemic and related lockdowns in the Country. The aforesaid unspent amount has been transferred to separate CSR unspent Account for the on-going projects of the Company in compliance with Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 vide MCA Notification dated 22nd January, 2021.

The CSR Committee of the Board of Directors acknowledges the responsibility for the implementation and monitoring the CSR Policy and accordingly state that the same is in compliance with CSR objectives and Policy of the Company and the Company has complied with all the requirements in this regard.

Coimbatore
05.05.2021

Srinivasan Ravi
Chairman of CSR Committee
DIN: 01257716

Annexure - 5

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 transaction under third proviso thereto.

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

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	NIL
b)	Nature of contracts/arrangements/transactions	NIL
c)	Duration of the contracts/arrangements/transactions	NIL
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	NIL
e)	Justification for entering into such contracts or arrangements or transactions'	NIL
f)	Date(s) of approval by the Board	NIL
g)	Amount paid as advances, if any:	NIL
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NIL

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

Sl. No.	Particulars	Details			
a)	Name (s) of the related party	Carl Stahl Craftsman Enterprises Private Limited, India	MC Craftsman Machinery Private Limited, India	Craftsman Automation Singapore Pte Limited, Singapore	Craftsman Europe B.V., The Netherlands (Formerly known as Craftsman Marine B.V)
b)	Nature of Relationship	Joint Venture	Group Company	Wholly Owned Overseas Subsidiary	Wholly Owned Overseas Subsidiary
c)	Nature of contracts/ arrangements/transactions	Sales of Goods and Services	Sales of Goods and Services	Reimbursement of expenses	Reimbursement of expenses
		Purchase of Goods and Services	Purchase of Goods and Services	Purchase of Goods and Services	Sales of Goods and Services
		Sales Commission paid	Rent Received	-	Purchase of Goods and Services
		Re-imbursement of expenses			
		Rent Received			
d)	Duration of the contracts/ arrangements/transactions	Approval upto 31/03/2022	Approval upto 31/03/2022	Approval upto 31/03/2022	Approval upto 31/03/2022
e)	Salient terms of the contracts or arrangements or transactions including the value, if any	Similar terms as agreed with any other party	Similar terms as agreed with any other party	Similar terms as agreed with any other party	Similar terms as agreed with any other party
f)	Date of approval by the Board	05.05.2021	05.05.2021	05.05.2021	05.05.2021
g)	Amount paid as advances, if any	NIL	NIL	NIL	NIL

For and on behalf of the Board of Directors

Srinivasan Ravi
Chairman and Managing Director
DIN:01257716

Coimbatore
05.05.2021

Annexure- 6

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries or associate companies or joint ventures

Part - A Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

Sl. No	Particulars	1	2
1	Name of the subsidiary	Craftsman Europe B.V (Formerly known as Craftsman Marine B.V)	Craftsman Automation Singapore Pte. Ltd
2	The date since when subsidiary was acquired/incorporated	03.06.2008	15.02.2008
3	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	01.04.2020 to 31.03.2021	01.04.2020 to 31.03.2021
4	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	EURO (Exchange Rate as on 31-03-2021 ₹ 86.099 per EUR)	SGD (Exchange Rate as on 31-03-2021 ₹ 54.42 per SGD)
5	Share Capital	22,64,15,848	3,78,81,075
6	Reserves and Surplus	-4,73,87,284	-3,78,81,075
7	Total Assets	21,21,44,145	Nil
8	Total Liabilities	3,31,15,581	Nil
9	Investments	Nil	Nil
10	Turnover	17,41,10,075	Nil
11	Profit before taxation	59,61,674	Nil
12	Provision for taxation	6014843	Nil
13	Profit after taxation	-53,169	Nil
14	Proposed Dividend	-	-
15	Extent of shareholding (in percentage)	100%	100%

1. Names of subsidiaries which are yet to commence operations – Not Applicable
2. Names of subsidiaries which have been liquidated or sold during the year – Not Applicable

For and on behalf of the Board of Directors

Srinivasan Ravi
Chairman and Managing Director
DIN:01257716

Coimbatore
05.05.2021

Statement pursuant to section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures.

Part "B" Associates and Joint Ventures

Sl. No	Name of Associates/Joint Ventures	Carl Stahl Craftsman Enterprises Private Limited
1	Latest audited Balance Sheet Date	31.03.2021
2	Date on which the Associate/ Joint Venture was associated or acquired	22.06.2007
3	Shares of Associate / Joint Ventures held by the Company on the year end	
4	i. No. of shares	6,00,000
	ii. Amount of Investment in Associates / Joint Venture	₹ 60,00,000
	iii. Extend of Holding (in %)	30%
5	Description of how there is significant influence	Joint Venture - Associate Company
6	Reason why the Associate/ Joint Venture is not consolidated	Not Applicable
7	Net worth attributable to shareholding as per latest audited Balance Sheet	₹ 1,95,64,457
8	Profit /Loss for the year	
	i. Considered in Consolidation	₹ 16,57,203
	ii. Not Considered in Consolidation	₹ 38,66,807

For and on behalf of the Board of Directors

Srinivasan Ravi
Chairman and Managing Director
DIN:01257716

Coimbatore
05.05.2021

Annexure - 7

KSR/CBE/C-67/90A/2021– 2022

To,
The Members,
Craftsman Automation Limited,
"Senthil Towers",
1078, Avinashi Road,
P.N.Palayam,
Coimbatore – 641 018

Our **Secretarial Audit Report** of even date of **Craftsman Automation Limited (CIN U28991TZ1986PLC001816)** (hereinafter called "the Company") is to be read along with this letter. We further state that,

1. Maintenance of secretarial records 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. Due to restrictions on movement of people amid COVID-19 pandemic and lockdown restrictions, we have to conduct our audit by examining various records and documents including minutes, registers, certificates and other records received through electronic / virtual mode from the company. Hence, we state that we have not verified the physical original documents and records. The management has confirmed that the records provided to us for audit are true and correct.
3. Further, our audit report is limited to the verification and reporting on the statutory compliances on laws / regulations / guidelines listed in our report and the same pertain to the financial year ended on March 31 2021.
4. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
5. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
6. The compliance of the 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. Further, the Company became a listed company with effect from March 25 2021.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **KSR & Co Company Secretaries LLP**

Dr. C.V.Madhusudhanan
Partner
(FCS: 5367; CP: 4408)
UDIN: F005367C000247114

Coimbatore
05.05.2021

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31 2021

(Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

To,

The Members,

Craftsman Automation Limited,

"Senthil Towers" IV Floor,

1078, Avanashi Road,

Coimbatore – 641 018

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Craftsman Automation Limited (CIN L28991TZ1986PLC001816) (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on March 31 2021 in a manner that provided us reasonable basis for evaluating the corporate conduct/ statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit, we hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, 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.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended March 31 2021 according to the provisions of:

(i) The Companies Act, 2013 and the Rules made there under to the extent applicable.

(ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.

(iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.

(iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment (FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB).

(v) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992:

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

h) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018.

i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) Considering the nature of business of the Company, we are of the opinion that no specific law, regulations, directions or orders are applicable specifically to the Company.

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

(i) the Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India.

(ii) Listing Agreement for equity entered into with BSE Limited with effect from 25th March, 2021 and Listing Agreement for equity shares entered into with National Stock Exchange of India Limited with effect from 25th March, 2021.

On the basis of the information and explanation provided, the Company became a listed company with effect from 25th March, 2021 and the Company had no transaction during the period under Audit requiring the compliance of applicable provisions of the Act / Regulations / Directions as mentioned above in respect of:

a) Issue of Employee Stock Options or other Share Based Employee Benefits.

b) Issue of Debt Securities.

c) Foreign Direct Investment.

d) Delisting of equity shares.

e) Buy-back of securities.

We further report that the Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes made to the composition of the Board of Directors was duly carried out during the period covered under the Audit.

Adequate notice and detailed notes on Agenda were given to all Directors at least seven days in advance to schedule the Board Meetings. There exists a system for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting.

Majority decision is carried through and recorded as part of the minutes. We did not find any dissenting directors' views in the minutes.

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.

We further report that during the period covered under the Audit, the Company has made the following specific actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations and guidelines:

a) The Company made its allotment for Initial Public Offer (IPO) of 10,06,711 (Ten Lakh Six Thousand Seven Hundred Eleven) equity shares of ₹ 5/- each coupled with Offer for Sale of 45,21,450 (Forty-Five Lakh Twenty-One Thousand Four Hundred and Fifty) number of equity shares of ₹ .5/- each on 22nd March, 2021. The shares under IPO was listed on 25th March, 2021 with the BSE Limited and the National Stock Exchange of India Limited.

For **KSR & Co Company Secretaries LLP**

Dr. C.V. Madhusudhanan

Partner

Coimbatore (FCS: 5367; CP: 4408)

05.05.2021 UDIN: F005367C000247114

Annexure - 8

INFORMATION PURSUANT TO SECTION 197 (12) READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

S. No	Particulars		
1.	Ratio of remuneration of each director to the median remuneration of employees		
	Name of the Directors	**Designation**	**Ratio**
	Mr.Srinivasan Ravi	Chairman and Managing Director	262.95
	Mr.Ravi Gauthamram	Whole Time Director	10.32
	Mr.Chandramohan Natarajan*	Whole Time Director	6.66
	Mr.Chandrashekhar Madhukar Bhide	Independent Director	1.32
	Mr. Kallakurichi Kanniah Balu**	Independent Director	1.32
	Mr. Sundararaman Kalyanaraman	Independent Director	1.32
	Mrs.Vijaya Sampath	Independent Director	1.32
	Mr.Udai Dhawan	Nominee Director	1.32
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year:		
	Name of the Directors, Chief Financial Officer, Company Secretary	**Designation**	**Ratio**
	Mr.Srinivasan Ravi	Chairman and Managing Director	153%
	Mr.Ravi Gauthamram	Whole Time Director	-9%
	Mr.Chandramohan Natarajan*	Whole Time Director	-39%
	Mr.Chandrashekhar Madhukar Bhide	Independent Director	0
	Mr. Kallakurichi Kanniah Balu**	Independent Director	0
	Mr. Sundararaman Kalyanaraman	Independent Director	0
	Mrs.Vijaya Sampath	Independent Director	0
	Mr.Udai Dhawan	Nominee Director	0
	Mr.C.B.Chandrasekar	Chief Financial Officer	-28%
	Mr.Shainshad Aduvanni	Company Secretary	4%
3.	The percentage increase in the median remuneration of employees in the financial year		8%
4.	The number of permanent employees on the rolls of company		1989
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year		7%
6.	Affirmation that the remuneration is as per the remuneration policy of the company		Yes

* Mr.Chandramohan Natarajan - Ceased to be a Whole Time Director w.e.f 30th June, 2020 upon completion of term and resigned from the position of Director w.e.f. 10th July, 2020

** Ceased to be a Director with effect from 23rd May, 2020

Note: Sitting fees paid to the Directors have not been considered as remuneration

Annexure - 9

CEO AND CFO CERTIFICATION

[As per Listing Agreement and Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To
The Board of Directors
Craftsman Automation Limited

In compliances with the Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby certify that:

(a) We have reviewed financial statements and the cash flow statement for the year ended March 31 2021 and that to the best of their knowledge and belief:

   (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year 2020-2021 which are fraudulent, illegal or violative of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for the financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have not observed any deficiencies in the design or operation of such internal controls.

(d) We have indicated to the Auditors and the Audit committee that there are:

   (i) No significant changes in internal control over financial reporting during the year;

   (ii) No significant changes in accounting policies during the year; and

   (iii) No instances of significant fraud where the involvement of the management or an employee having a significant role in the company's internal control system over financial reporting have been observed.

Coimbatore	**Srinivasan Ravi**	**C B Chandrasekar**
05.05.2021	Chairman and Managing Director	Chief Financial Officer

Annexure - 10

DECLARATION BY THE MANAGING DIRECTOR / CEO UNDER THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING THE COMPLIANCE WITH THE CODE OF CONDUCT

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that, all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the financial year ended March 31 2021.

(By Order of the Board)
for **CRAFTSMAN AUTOMATION LIMITED**

Srinivasan Ravi
Chairman and Managing Director
DIN: 01257716

Coimbatore
05.05.2021

INDEPENDENT AUDITORS' REPORT

To the members of Craftsman Automation Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Craftsman Automation Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows 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 (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and its profit and total comprehensive income, its cash flows and 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 ("Standards" or "SAs") 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Emphasis of Matter

We draw attention to Note B.2 of accompanying standalone financial statements, wherein the Company has described its impact assessment due to the COVID-19 pandemic. As stated in the said note, eventual outcome of the impact of the global health pandemic may be different from those estimated as on date of the approval of standalone financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>S. No</th><th>Key audit matter description and principal audit procedures</th></tr>
<tr><td>1</td><td>Accounting for derivative contracts

Refer Notes B.7, B.11, 1.21, 1.26, 2.2, 2.8 and 3.4 in standalone financial statements

A significant source of Company's funds is borrowings, denominated in Indian rupee and foreign currency with a combination of fixed and floating interest rates.

The Company's cost of borrowing will be impacted by fluctuations in foreign exchange rates and movement in interest rates. The Company's mitigation plan for risk of foreign currency fluctuation and interest rate fluctuation includes using derivative instruments as per its risk management policy.

These hedges taken using derivative instruments are designated as either cashflow or fair value hedge. Estimating future cash flows is a significant factor in determining the mark to market gain or loss, accounting of such forward contracts and in the determination of its fair value. Significant judgement is applied in making these estimates by the expert used by the management.

As at 31 March 2021, the carrying value of the Company's derivatives included derivative assets amounting to ₹ 571 Lakhs and derivative liabilities of ₹ 1,303 Lakhs.

Accounting for derivative contracts is considered as a key audit matter because of the significant judgement and estimates used in the fair valuation and the complex compliance framework for determining the accounting & disclosure of these transactions in accordance with Ind AS 109 'Financial Instruments' – Accounting (including recognition and derecognition of financial assets or liabilities). These class of transactions are material with respect to the financial statements.

Our procedures related to audit of accounting for derivative contracts include the following

• understanding and evaluating the design, implementation and operating effectiveness of internal controls over the completeness, existence and valuation of derivative instruments and management's documentation of the hedge effectiveness, accounting of derivative and hedging transactions;
• examining the derivative contracts;
• testing qualifying criteria for hedge accounting in accordance with Ind AS 109, including:
  o understanding the risk management objectives and strategies for different types of hedge instruments;
  o evaluating that the relationship between the underlying liability and the hedge instrument;
  o using an expert for auditing the valuation and reviewing the hedge effectiveness test carried out by management as per Ind AS 109, including the economic relationship between the hedged item and the hedging instrument;
• evaluating competence and capabilities of the auditor's experts and ensuring independence;
• involving the auditor's expert for testing the appropriateness of hedge accounting to qualified hedge relationships i.e., cash flow or fair value hedges;
• testing on sample basis the valuation of derivative instruments by management expert;
• for selected samples, checking the confirmations from counterparties to the derivative contracts for the valuation as at the year-end;
• checking the presentation and disclosures in the financial statements for compliance with Ind AS 109.</td></tr>
<tr><td>2</td><td>Accounting for Property, Plant and Equipment

Refer Notes B.3, B.5, 1.1, 1.2 and 2.6 in standalone financial statements

Property, plant and equipment including capital work in progress ('PPE') represents 61% of the Company's total assets.

The capitalisation of PPE includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable costs of bringing the asset to working condition for its intended use (inclusive of non-refundable purchase taxes and duties).

Depreciation is generally charged as per Schedule II to Companies Act, 2013. In respect of certain classes of PPE, the useful life has been ascertained based on technical review by a Chartered Engineer and assessment by the management.

The Company carries out physical verification of PPE as per their policy on an annual basis.

The Company uses estimates and assumptions to determine the useful life of assets, residual value, assess impairment loss (if any). The useful life of property, plant and equipment is determined by the technical team of the management taking into consideration the industry practice, the application and usage factors and past historical trend. The residual value at the end of the useful life of property, plant and equipment is estimated in determining the depreciable value of the asset. Impairment assessment of property, plant and equipment involves identification of Cash Generating Unit (CGU) using judgement and estimating future cash flows arising of out of such CGUs.

Due to the material value to total assets and estimates/judgements involved in their valuation, the audit of accounting of Property, Plant and Equipment has been considered as a Key Audit Matter in the audit of these financial statements

Our procedures relating to audit of accounting for Property, Plant and Equipment includes the following:

• evaluating of design and implementation of controls and testing the operating effectiveness of the internal controls over:
  o measurement of initial recognition costs including costs of self-constructed PPE;
  o valuation of PPE and review of useful lives including depreciation rates applied;
  o periodic physical verification of property, plant and equipment by the management;</td></tr>
</table>

- testing on sample basis the value of self-constructed assets with underlying documentation to assess compliance with applicable accounting standards;
- wherever the useful life of a PPE considered is different from the useful life indicated in the Act, obtain confirmation from management's technical team for the useful life for the same;
- reviewing the residual value of PPE considered by the management for consistency and appropriateness;
- understanding the basis behind identification of Cash Generating Units by the management and review the future cash flow projections for the same;
- checking the computation and correctness of the discounting factor applied for arriving at value in use and impairment thereof, if any;
- checking the reasonableness of the assumptions made by the management in identifying CGUs, assessing the future cash flows, discount factor and impairment loss;
- physically inspecting a sample of assets at one of the main units of the Company during the year to ensure existence of PPE;
- reviewing the physical verification reports of the management and the treatment of discrepancies in the books of accounts / Fixed Asset Register, wherever applicable.

Information other than the standalone financial statements and Auditor's Report thereon

The Board of Directors of the Company is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report and Annexures to Board's Report including the report on Corporate Governance, but does not include the standalone financial statements and our report thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the standalone financial statements

The Board of Directors of the Company 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 Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of 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 and error.

In preparing the standalone financial statements, the management of the Company 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 Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance 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 scepticism 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 over financial reporting and the operating effectiveness of such controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The comparative standalone financial statements of the Company presented in the standalone financial statements are for the year ended 31 March 2020 which was audited by the predecessor auditor who had issued unmodified audit report dated 7 May 2020. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in Annexure 'A' to this report, a statement on the matters specified in para 3 and 4 of the Order, to the extent applicable.

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 accounts 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 other comprehensive income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

(d) in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed 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 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;

(f) with respect to the adequacy of internal financial controls over financial reporting of the Company and the operative effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) with respect to other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of 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, as detailed in Note 3.6 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. there were no amounts due which were required to be transferred to the Investor Education and Protection Fund by the Company.

for **SHARP & TANNAN**
Chartered Accountants
(Firm's Registration No. 003792S)

V. Viswanathan
Partner
Membership No. 215565
UDIN: 21215565AAAABZ4356

Place: Chennai
Date: 05 May 2021

Annexure A to the Independent Auditor's Report

With reference to paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Craftsman Automation Limited ("the Company") of even date, we report the following:

(i) (a) the Company has maintained proper records showing full particulars, including quantitative details and situation of its property, plant and equipment;

(b) the Company has a regular programme of physical verification of its property, plant and equipment which, in our opinion, is reasonable having regard to the size of the Company and the nature of its property, plant and equipment. In accordance with this programme, certain property, plant and equipment were physically verified by the management during the year and no material discrepancies were noticed on such verification;

(c) according to the information and explanations given to us and the records examined by us, we report that, the title deeds of all the immovable properties of land and buildings which are freehold and included under the head 'Property, plant and equipment' are held in the name of the Company;

(ii) in our opinion, the management of the Company has conducted physical verification of inventories at reasonable intervals during the year. The discrepancies noticed on such verification were not material and these have been properly dealt with in the books of account;

(iii) according to the information and explanations given to us, the Company has granted unsecured loan to its wholly owned subsidiary company covered in the register maintained under section 189 of the Act; and

(a) the terms and conditions of the grant of such loan are not prejudicial to the Company's interest;

(b) the repayments of the loan are regular. Interest is not charged for the said loan as it was granted prior to commencement of Companies Act, 2013 as per terms approved by the Board of Directors of the Company;

(c) there are no overdue amounts and hence reporting on paragraph 3(iii)(c) of the Order is not applicable to the Company ;

(iv) according to the information and explanations given to us, the Company has granted loans and made investment, and has complied with the provisions of section 185 and 186 of the Companies Act, 2013;

(v) according to the information and explanations given to us, the Company has not accepted any deposits from public during the year and does not have any unclaimed deposits as at 31 March 2021 and hence the provisions of the paragraph 3(v) of the Order is not applicable to the Company;

(vi) the Central Government has specified maintenance of cost records under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained during the year by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete;

(vii)(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and other material statutory dues applicable to the Company during the year with appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess or other material statutory dues outstanding as at 31 March 2021 for a period of more than six months from the date they became payable

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of income tax, service tax, goods and services tax and Maharashtra Stamp Act as at 31 March 2021 which have not been deposited with statutory authorities on account of a dispute pending are as under:

Name of the statute	Nature of dues	Amount involved in dispute (₹ in Lakhs)	Unpaid disputed amount (₹ in Lakhs)	Period to which amount relates	Forum where dispute is pending
Finance Act, 1994 (Service Tax)	Service Tax	67.17	60.47	April 2016 to June 2017	Customs Excise and Service Tax Appellate Tribunal
Maharashtra Stamp Act, 1958	Tax	56.17	56.17	April 2009 to March 2016	Deputy Inspector General of Registration, Pune
Goods and Services Tax Act, 2017	Tax	15.96	15.96	July 2017 to July 2018	Commissioner of Central Excise & GST, Appeals, Coimbatore
Goods and Services Tax Act, 2017	Tax	19.60	19.60	Input tax credit under erstwhile indirect taxes - Transitional credit (prior to July 2017)	Commissioner of Central Excise & GST, Appeals, Pune
Income Tax Act, 1961	Tax, Interest & penalty	104.16	8.84	Assessment Year (AY) 2008-09	High Court
Income Tax Act, 1961	Tax, Interest & penalty	313.18	92.52	AY 2010-11	High Court
Income Tax Act 1961	Tax, Interest & penalty	7.67	7.67	AY 2011-12	Income Tax Appellate Tribunal
Income Tax Act 1961	Tax, Interest & penalty	1.23	1.23	AY 2012-13	Income Tax Appellate Tribunal
Income Tax Act 1961	Tax, Interest & penalty	4.39	4.39	AY 2013-14	Commissioner of Income Tax (Appeals)
Income Tax Act 1961	Tax, Interest & penalty	0.38	0.38	AY 2014-15	Commissioner of Income Tax (Appeals)
Income Tax Act 1961	Tax, Interest & penalty	2.35	2.21	AY 2015-16	Commissioner of Income Tax (Appeals)
Income Tax Act 1961	Tax, Interest & penalty	52.78	42.22	AY 2016-17	Commissioner of Income Tax (Appeals)

The amounts disputed under Income Tax Act, 1961 exclude Minimum Alternate Tax credit entitlement of INR 1,244 Lakhs included in Note 1.23 of the standalone financial statements

There are no dues in respect of sales tax / value added tax, duty of excise, duty of customs as at 31 March 2021 which have not been deposited with the statutory authorities on account of a dispute;

(viii) according to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to any financial institution or bank during the year. The Company did not have any loans or borrowing from government or dues to debenture holders during the year;

(ix) during the year the Company has raised monies by way of initial public offering of equity shares. According to the information and explanations given to us and based on our examination of the records of the Company, monies were applied for the purpose for which those were raised;

(x) to the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year;

(xi) in our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act;

(xii) the Company is not a Nidhi Company. Accordingly, reporting on paragraph 3(xii) of the Order is not applicable to the Company;

(xiii) in our opinion and according to the information and explanations given to us, the Company is in compliance with sections 177 and 188 of the Act, where applicable, for all transactions with related parties undertaken during the year and the details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards;

(xiv) according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence reporting under paragraph 3(xiv) of the Order is not applicable to the Company;

(xv) according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with the directors during the year and hence provisions of section 192 of the Act is not applicable to the Company.

(xvi) according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

for **SHARP & TANNAN**
Chartered Accountants
(Firm's Registration No. 003792S)

V. Viswanathan
Partner
Membership No. 215565
UDIN: 21215565AAAABZ4356

Place: Chennai
Date: 05 May 2021

Annexure B to the Independent Auditor's Report

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

Independent Auditors' Report on the Internal Financial Controls over financial reporting under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Craftsman Automation Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") 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 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 Act.

Auditors' Responsibility

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

for **SHARP & TANNAN**
Chartered Accountants
(Firm's Registration No. 003792S)

V. Viswanathan
Partner
Membership No. 215565
UDIN: 21215565AAAABZ4356

Place: Chennai
Date: 05 May 2021

STANDALONE BALANCE SHEET

as at March 31 2021

(₹ in Lakhs)

Particulars	Note No.	As at March 31 2021	As at March 31 2020
ASSETS			
Non-current assets			
Property, Plant and Equipment	1.1	142,031	142,663
Capital Work in progress	1.2	3,197	8,883
Other Intangible assets	1.3	677	1,062
Right-of-use Asset	1.4	8,343	10,847
Financial assets			
Investments	1.5	2,817	2,556
Loans	1.6	125	433
Security Deposits	1.7	2,036	2,183
Other Financial assets	1.8	146	1,057
Current tax assets (Net)	1.9	-	110
Other non-current assets	1.10	1,201	931
		160,573	**170,725**
Current assets			
Inventories	1.11	39,764	31,424
Financial assets			
Trade receivables	1.12	23,548	19,370
Cash and cash equivalents	1.13	2,634	5,851
Other bank balances	1.14	1,539	1,188
Security Deposits	1.15	362	67
Other Financial assets	1.16	425	192
Other Current assets	1.17	7,312	3,183
		75,584	**61,275**
Total Assets		**236,157**	**232,000**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share capital	1.18	1,056	1,006
Other Equity	1.19	96,789	72,164
		97,845	**73,170**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	1.20	43,719	66,828
Other Non-Current Financial Liabilities	1.21	9,207	10,836
Provisions	1.22	36	87
Deferred tax liabilities (Net)	1.23	6,908	3,976
		59,870	**81,727**
Current liabilities			
Financial Liabilities			
Borrowings	1.24	15,814	24,427
Trade payables			
(a) total outstanding dues of micro enterprises & small enterprises	1.25	1,841	2,076
(b) total outstanding dues of creditors other than micro enterprises & small enterprises		33,388	26,254
Other current Financial Liabilities	1.26	21,365	17,914
Current tax liabilities (Net)	1.27	67	-
Other current liabilities	1.28	5,626	6,261
Provisions	1.29	341	171
		78,442	**77,103**
Total Equity and Liabilities		**236,157**	**232,000**

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

This is the Balance Sheet referred to in our report of even date

For SHARP & TANNAN
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Shainshad Aduvanni
Company Secretary M.No.A27895

C. B. Chandrasekar
Chief Financial Officer

Place : Chennai
Date : May 05 2021

Place : Coimbatore
Date : May 05 2021

STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31 2021

(₹ in Lakhs)

Particulars	Note No.	Year ended March 31 2021	Year ended March 31 2020
INCOME			
Revenue From Operations	2.1	1,54,629	1,48,338
Other Income	2.2	1,322	915
Total Income		**1,55,951**	**1,49,253**
EXPENSES			
Cost of materials consumed	2.3	66,910	56,799
Changes in inventories of finished goods and work-in-progress	2.4	(960)	1,514
Employee benefits expense	2.5	14,292	15,288
Depreciation, amortization and impairment expense	2.6	19,241	19,633
Other expenses	2.7	30,984	35,227
Finance costs	2.8	10,728	14,860
Total expenses		**1,41,195**	**1,43,321**
Profit before exceptional items		**14,756**	**5,932**
Exceptional items (refer note.3.10)		-	(577)
Profit before tax		**14,756**	**5,355**
Tax expense:			
(1) Current tax for the year	3.1	5,432	1,536
Current tax pertaining to earlier years		(43)	3
Less:MAT Credit Entitlement for the year		-	-
MAT Credit Entitlement pertaining to earlier years		-	144
Net Current Tax		5,389	1,683
(2) Deferred tax		(309)	7
Profit for the year		**9,676**	**3,665**
Other Comprehensive Income ('OCI')			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		(249)	413
- Equity Instruments through OCI		(110)	(116)
(ii) Income tax relating to items that will not be reclassified to profit or loss		87	(144)
B (i) Items that will be reclassified to profit or loss			
- The effective portion of gains or loss on hedging instruments in a cash flow hedge		1,088	(212)
(ii) Income tax relating to items that will be reclassified to profit or loss		(380)	74
Other Comprehensive Income for the year, net of tax		**436**	**15**
Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)		**10,112**	**3,680**
Earnings per equity share Basic & Diluted (Face value of ₹ 5/-)			
- for continuing operations	3.3	48.02	18.21
- for discontinued operations		-	-
- for continuing & discontinued operations		48.02	18.21
Earnings (before exceptional item) per equity share		48.02	20.08

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

This is the Statement of Profit & Loss referred to in our report of even date

For SHARP & TANNAN
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Shainshad Aduvanni
Company Secretary M.No.A27895

C. B. Chandrasekar
Chief Financial Officer

Place : Chennai
Date : May 05 2021

Place : Coimbatore
Date : May 05 2021

STANDALONE CASHFLOW STATEMENT

for the year ended March 31 2021

(₹ in Lakhs)

Particulars	Year ended March 31 2021	Year ended March 31 2020
Cash flows from operating activities		
Profit before taxation (PBT)	**14,756**	**5,355**
Adjustments to reconcile PBT to net cash flows:		
Depreciation, amortization and impairment expense	19,241	19,622
Gain on sale of assets	(59)	(3)
Exchange difference on transaction/translation (loss/(gain))	(1,065)	340
MTM (Gain) / Loss - Derivative -(Net)	13	33
Provision for :		
Doubtful debts	(13)	154
Warranty & Rejection	(28)	8
Slow moving inventory	175	81
Interest income (including fair value changes in financial instruments)	(524)	(272)
Government grant income	(2,369)	(2,844)
Liabilities no longer required written back	(17)	(62)
Assets no longer receivable written off (including exceptional item)	195	697
Interest expense (including fair value changes in financial instruments)	11,086	13,979
Operating cash flow before changes in working capital	**41,391**	**37,088**
Adjustments for:		
Increase/ (Decrease) in provisions	(102)	122
Increase/ (Decrease) in other financial liabilities	4,110	(1,266)
Increase/ (Decrease) in other current liabilities	1,017	(761)
Increase/ (Decrease) in Trade Payables and other Payables	6,915	(3,646)
(Increase)/ Decrease in other non-current assets	255	(245)
(Increase)/ Decrease in other financial assets	162	(1,709)
(Increase)/ Decrease in other current assets	(3,694)	1,435
(Increase)/ Decrease in trade and other receivables	(3,670)	2,042
(Increase)/ Decrease in inventories	(8,515)	(305)
Cash generated from operations	**37,869**	**32,755**
Income taxes paid	(2,264)	(2,149)
Net cash from operating activities - A	**35,605**	**30,606**
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,859)	(13,869)
Purchase of Intangible	(67)	(174)
Proceeds from sale of equipment	320	143
Purchase of shares	-	(20)
Loans (given)/repaid	268	29
Interest received	118	127
Net cash used in investing activities - B	**(9,220)**	**(13,764)**

STANDALONE CASHFLOW STATEMENT contd...

for the year ended March 31 2021

(₹ in Lakhs)

Particulars	Year ended March 31 2021	Year ended March 31 2020
Cash flows from financing activities		
Proceeds from issue of shares	14,563	-
Proceeds from long-term borrowings	9,378	14,390
Repayment of long term borrowings	(33,248)	(22,096)
Net proceeds from short-term borrowings	(8,359)	10,945
Principal payments towards lease liability	(1,004)	(1,654)
Interest paid (incl. interest on lease liability)	(10,932)	(13,774)
Dividend Paid	-	(607)
Net cash used in financing activities- C	**(29,602)**	**(12,796)**
Net increase / (decrease) in cash and cash equivalents - (A+B+C)	**(3,217)**	**4,046**
Cash and cash equivalents at beginning of year	5,851	1,805
Cash and cash equivalents at end of year	**2,634**	**5,851**

Notes :

1. Reconciliation of Cash & Cash equivalents as per Cash Flow Statement

Cash & cash equivalents consists of:	As at March 31 2021	As at March 31 2020
Cash and cash equivalents (note : 1.13)	**2,634**	**5,851**
Total	**2,634**	**5,851**

2. Refer to note: 1.20 for Net Debt Reconciliation

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

This is the Statement of Cash Flows referred to in our report of even date
For SHARP & TANNAN
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Shainshad Aduvanni
Company Secretary M.No.A27895

C. B. Chandrasekar
Chief Financial Officer

Place : Chennai
Date : May 05 2021

Place : Coimbatore
Date : May 05 2021

STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended March 31 2021

(₹ in Lakhs)

a. Equity Share Capital	Balance at the beginning of April 1 2020	Changes in equity share capital during the year	Balance as at March 31 2021
	1,006	50	1,056

b. Other Equity	Reserves and Surplus			Other Reserves		Total
	Securities Premium Reserve	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	
Balance as at April 1 2019	**13,795**	**9,662**	**47,252**	**(95)**	**(1,523)**	**69,091**
Profit for the year	-	-	3,665	-	-	3,665
Other Comprehensive Income	-	-	-	(116)	(138)	(254)
- Defined Benefit Plan	-	-	269	-	-	269
Total Comprehensive Income for the year	**-**	**-**	**3,934**	**(116)**	**(138)**	**3,680**
Dividends	-	-	(607)	-	-	(607)
Balance as at March 31 2020	**13,795**	**9,662**	**50,579**	**(211)**	**(1,661)**	**72,164**
Profit for the year	-	-	9,676	-	-	9,676
Other Comprehensive Income	-	-	-	(110)	708	598
- Defined Benefit Plan	-	-	(162)	-	-	(162)
Total Comprehensive Income for the year	**-**	**-**	**9,514**	**(110)**	**708**	**10,112**
Issues of shares	14,513	-	-	-	-	14,513
Dividends	-	-	-	-	-	-
Balance as at March 31 2021	**28,308**	**9,662**	**60,093**	**(321)**	**(953)**	**96,789**

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

This is the Statement of Changes in Equity referred to in our report of even date

For SHARP & TANNAN
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Shainshad Aduvanni
Company Secretary M.No.A27895

C. B. Chandrasekar
Chief Financial Officer

Place : Chennai
Date : May 05 2021

Place : Coimbatore
Date : May 05 2021

NOTES ANNEXED TO AND FORMING PART OF STANDALONE FINANCIAL STATEMENTS:

A CORPORATE INFORMATION

Craftsman Automation Limited was incorporated under the Companies Act, 1956 on July 18 1986. The shareholders of the Company approved the conversion into a public limited company at the meeting held on April 30 2018 and the Registrar of Companies, Coimbatore issued a fresh Certificate of Incorporation dated May 04 2018. The company is engaged in the business of manufacturing engineering components, sub-assemblies, products and rendering of contract manufacturing services to various industries

B SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Section 133 of the Companies Act, 2013 (Act) read with the Companies (Indian Accounting Standards) Rules 2015. The presentation of the Financial Statements is based on Schedule III of the Companies Act, 2013.

B.1 BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

Functional currency is the currency of the primary economic environment in which the entity operates. Presentation currency is the currency in which the financial statements are presented. The financial statements are presented in Indian ₹ which is the functional currency and presentation currency of the Company and all values are rounded to the nearest lakhs, except where otherwise indicated.

These financial statements have been prepared on a historical cost basis, except for the following material items in the balance sheet:

a) Certain financial assets and liability measured at fair value (refer note. 3.4(d))

b) Derivative financial instruments

c) Employees Defined benefit plans are recognised at the net total of the fair value of plan assets, and the present value of the defined benefit obligation as per actuarial valuation

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

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

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

The Financial Statements have been prepared on accrual and going concern basis. All assets and liabilities are presented as Current or Non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation, the Company has ascertained its operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities.

Critical Accounting judgement and key sources of estimation uncertainty

The accounting policies which have the most significant effect on the figures disclosed in the financial statements are mentioned below and these should be read in conjunction with the disclosure of the significant Ind AS accounting policies provided below:

i. **Useful life of Property, Plant and Equipment and Intangibles**

The assessment of the useful life of each asset by considering the historical experience and expectations regarding future operations and expected usage, estimated technical obsolescence, residual value, physical wear and tear and the operating environment in which the asset is located needs significant judgement by the management. In case of intangibles the useful life is determined based on the period over which future economic benefit will flow to the Company.

ii. Tools in use

The assessment of useful life of tools in use has been done considering the historical experience and estimated refurbishment cycle and operating environment.

iii. Income Taxes

The calculation of income taxes requires judgement in interpreting tax rules and regulations. Management judgement is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognised.

iv. Fair Value

Certain financial instruments, such as investments in equity securities, derivative financial instruments and certain elements of borrowings, are carried in the financial statements at fair value, with changes in fair value reflected in the Statement of Profit and Loss. Fair values are estimated by reference to published price quotations or by using other valuation techniques that may include inputs that are not based on observable market data, such as discounted cash flows analysis.

v. Measurement of defined benefit obligations

Gratuity actuarial valuation considers various assumptions which are based on the past experience and general economic conditions.

vi. Measurement and likelihood of occurrence of provisions and contingencies

The provision for warranty and rejection have been done based on past experiences, product lifecycle maturity, reprocessing/repair cost.

vii. Recognition of deferred tax asset

The Company estimates the possible utilisation of unabsorbed losses while recognising deferred tax asset considering the future business plans and economic environment.

viii. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate.

B.2 Estimation of uncertainties relating to the global pandemic from COVID-19:

The Covid-19 pandemic has impacted the businesses around the world, including India. There has been severe disruption to the regular operations of the company in the first quarter of FY 2020-21 due to Government imposed emergency restrictions and lockdown.

The company has assessed the impact on liquidity position and carrying amounts of inventories, trade receivables, investments, property, plant and equipment and other financial assets. Our assessment based on estimates and judgements, available from internal and external sources of information including economic forecasts does not indicate any material impact on the carrying value of assets and liabilities as on the reporting date.

The Company will continue to monitor the future economic conditions and assess its impact on the financial statements. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on date of the approval of the standalone financial statements.

B.3 Property Plant and Equipment

Recognition and Measurement

All Property Plant & Equipment (PPE) barring land as at transition date are stated at cost of acquisition / installation as adjusted for import duty waivers and foreign exchange losses / gains less accumulated depreciation and impairment losses.

Cost of acquisition / installation includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable costs of bringing the asset to working condition for its intended use (inclusive of non-refundable purchase taxes and duties).

The Company capitalises the import duty waived in respect of capital equipment imported under the Export Promotion Capital Goods Scheme

Foreign exchange gain /loss arising on foreign currency denominated borrowing which are not hedged that were incurred to acquire PPE are recorded as part of the cost of asset as per Ind AS 101 Para D13AA and Ind AS 21 Para 7AA and depreciated over their remaining useful life. In respect of exchange gain or loss arising from foreign currency denominated borrowings which are hedged accounting has been done based on Hedge effectiveness either as derivative or cash flow hedge as per Ind AS 109.

The cost of a self-constructed asset is determined using the same principles as for an acquired asset. If Company makes similar assets for sale in the normal course of business, the cost of the asset is usually the same as the cost of constructing an asset for sale. Any internal profits are eliminated in arriving at such costs. Similarly, the cost of abnormal amounts of wasted material, labour, or other resources incurred in self-constructing an asset is not included in the cost of the asset. Borrowing Costs is covered by Ind AS 23 criteria for the recognition of interest as a component of the carrying amount of a self-constructed item of property, plant and equipment.

Subsequent expenditure relating to an item of PPE is capitalised if it meets the recognition criteria

The import duty waived on capital assets which are purchased under the Export Promotion Capital Goods (EPCG) schemes and which are capitalised are recorded as deferred revenue and recognised in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

The Company in respect of all PPE barring land elected to continue with the carrying value of the relevant PPE as recognised in the financial statements as at transition date to Ind-AS measured as per the previous GAAP duly adjusting for the import duty waiver and used that as the deemed cost as at transition date pursuant to exemption under Ind –AS 101. The Company elected to fair value the land as at transition date and use that fair value as the deemed cost.

Depreciation on Plant Property and Equipment

The depreciable amount of PPE (being the gross carrying value less the estimated residual value) is depreciated on straight-line basis over its useful life.

In respect of certain classes of PPE, the company uses different useful life other than those prescribed in Schedule II to the Act. The useful life of such class of PPE has been ascertained based on technical review by a Chartered Engineer and assessment by the Management as detailed in the following table

Classes of PPE	Useful life and basis of depreciation
New Plant and Machinery	20 Years
Used Plant and Machinery	10 Years
Tool holder, jigs, fixtures, patterns, dies, moulds and instruments and gauges	5 Years
Lease hold improvements	Over lease period

De-recognition:

An item of PPE is de-recognised at the time of its disposal or when it is assessed that no future economic benefit would accrue from it. The gain/ loss arising out of such disposal/retirement is taken to Statement of profit and loss

B.4 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An intangible asset with finite useful life that are acquired separately and where the useful life is 2years or more is capitalised and carried at cost less accumulated amortization. Amortization is recognised on a straight line basis over the useful life of the asset. The class of asset and the estimated useful life is as follows

Description of the asset	Useful life and basis of amortization
Software – Acquired	5 Years
Technical Know - Acquired	2.5 years

Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it, the ability to use or sell the intangible asset,

- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit and loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Description of the asset	Useful life and basis of amortization
Development Expenditure	3 years

De-recognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in Statement of profit and loss when the asset is derecognised.

B.5 Impairment of assets

At the end of each reporting period, the company determines whether there is any indication that its assets (tangible, intangible assets and investments in equity instruments in joint ventures and associates carried at cost) have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. Recoverable amount is higher of the fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

B.6 LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company's lease asset classes primarily consist of leases for Machineries and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through-out the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates of the company. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

B.7 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit and loss.

Classification of financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

After initial recognition:

i) Financial assets (other than investments and derivative instruments) are subsequently measured at amortized cost using the effective interest method.

   Effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

ii) Financial assets (i.e. derivative instruments and investments in instruments other than equity of joint ventures) are subsequently measured at fair value.

   Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in other comprehensive income.

Investments in equity instruments of subsidiaries and joint venture

The Company measures its investments in equity instruments of subsidiaries and joint venture at cost in accordance with Ind AS 27. The company has two wholly owned subsidiaries viz Craftsman Europe B.V (formerly "Craftsman Marine B.V") – Netherlands and Craftsman Automation Singapore Pte ltd- Singapore. The company has elected to value its investments in subsidiaries and Joint venture at cost as per Ind AS and these are being tested for impairment at each reporting period.

Investments in equity instruments other than subsidiaries and joint venture

The company has valued the investments in equity instruments other than subsidiaries and joint venture at fair value through Other Comprehensive Income. Fair value of quoted instrument has been valued at Market rate and in case of unquoted instrument it has been value at book value of that Company based on Level 2 input.

In respect of investment in equity share capital of group captive power companies which are made to comply with the provisions of Electricity Rules 2003, these investments are carried at cost as these investments can be sold back only at par.

Cash and cash equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Trade receivables

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortized cost net of any expected credit losses. Loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e., expected cash shortfall.

Loan to Wholly Owned Subsidiaries:

Interest free loan given to wholly owned subsidiary has been recognised at fair value on the date of transaction and the fair value loss on the transaction date is recognised as deemed equity in subsidiary.

In case loan has been fully provided for impairment, no fair valuation of interest free component has been recognised in financial statement. In respect of loan given after April 1 2014 interest has been charged at Government of India bond rate.

Impairment of financial assets:

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognising impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Company expects to receive).

De-recognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

The Company has applied the de-recognition requirements of financial assets prospectively for transactions occurring on or after April 1 2015 (the transition date).

Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortized cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalised as a part of cost of an asset is included in the "Finance Costs".

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

The Company has applied the de-recognition requirements of financial liabilities prospectively for transactions occurring on or after April 1 2015 (the transition date).

Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps and options. Further details of derivative financial instruments are disclosed in Note 3.4.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit and loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting:

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk as cash flow hedges. Hedges of foreign exchange risk on firm commitments are also accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 3.4 sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit and loss, and is included in the "Other Income".

Amounts previously recognised in other comprehensive income and accumulated in equity (relating to effective portion as described above) are reclassified to Statement of profit and loss in the periods when the hedged item affects profit or loss, in the same head as the hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit and loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit and loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

B.8 Inventories

The Company determines the cost for items that are not interchangeable or that have been segregated for specific contracts on an individual-item basis as per Ind AS 2, 'Inventories'. The cost of other inventory items used is assigned by using weighted average cost formula.

The Company uses the same cost formula for all inventories of similar nature and use. The cost formula used is applied on a consistent basis from period to period.

Inventories are initially recognised at the lower of cost and net realisable value (NRV). Cost of inventories includes import duties, non-refundable taxes, transport and handling costs and any other directly attributable costs, less trade discounts, rebates and similar items. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses.

i) Raw materials, components, stores and spares of inventory are measured at weighted average cost. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Work in progress and finished goods are valued at cost or Net Realisable Value whichever is lower. Cost includes direct materials, labor and a portion of manufacturing overheads. Saleable scrap is valued at lowest of the net realisable value in the last two months.

ii) Tools are valued at cost till they are issued for usage in production process. In respect of issued tools which can be refurbished, the company depending upon its useful life amortizes on a straight line basis over its useful life. Useful life determined for certain classes of tools is 2- 3 years. Tools which are not refurbish-able are charged off to Statement of profit and loss upon issue from stores to usage. The "tools in use" are carried at Cost less accumulated amortization.

B.9 Provisions

The Company recognises a provision when there is a present obligation to transfer economic benefits as a result of past events, it is probable (more likely than not) that such a transfer will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is certain that reimbursements will be received and the amount of the receivable can be measured reliably.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

A contingent liability is

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

Provision for Warranty

Provisions for expected cost of warranty obligations are recognised based on Management's best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences.

Provision for Rejection

Provision for rejection on sales is recognised once the products are sold. Materials are rejected due to various reasons and are either re processed or replaced to the customers depending on the type of rejections. These rejections get fulfilled within a period of 3 months and the provisions represent the present value of management's best estimate of possible rejections within the next one quarter.

B.10 Revenue recognition

Sale of Goods & Rendering of Services

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the individual delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as sales tax or other taxes directly linked to sales.

Revenue from rendering of services is recognised over time as and when the customer receives the benefit of the Company's performance and the Company has an enforceable right to payment for services transferred. Unbilled revenue represents value of services performed in accordance with the contract terms but not billed.

Other Operating revenues

Other operating revenues comprise income from ancillary activities incidental to the operations of the Company and are recognised when the right to receive the income is established as per the terms of the contract.

Dividend and Interest Income

Dividend income from investments is recognised when the Company's right to receive payment has been established (provided that 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 (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

B.11 Borrowing Cost

Since the Company does not have any qualifying assets, capitalisation of borrowing cost is not applicable to the Company. All borrowing costs are recognised in Statement of profit and loss in the period in which they are incurred.

B.12 Government Grant

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit and loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Import duty waivers for capital assets purchased under Export Promotion Capital Goods (EPCG) schemes are recorded as deferred revenue and recognised in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

B.13 Employee Benefits

Defined contribution plans

Provident fund (PF)

Contribution towards PF is determined under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and charged to the Statement of Profit and Loss during the period of incurrence when the services are rendered by the employees.

The Union Ministry of Labour issued draft rules under section 67 of the Code on Wages Act on July 07 2020 in the Gazette and the Act is yet to be effective

The three labour codes, the Occupational Health, Safety and Working Conditions Code 2020, the Industrial Relations Code 2020 and the Code on Social Security 2020 have been passed by the parliament and have also received the assent of the President of India on September 28 2020. However, the date on which these Codes will come into effect has not been notified. The Company will assess the impact of these Codes and will record any related impact in the period these Codes become effective.

Defined benefit plans

Accounting for defined benefit plans is based on actuarial assumptions and different valuation methods to measure the balance sheet obligation and the expense.

Where defined benefit plans are funded, the plan assets are measured at fair value. At each balance sheet date, the plan assets and the defined benefit obligations are remeasured. The Statement of Profit and Loss reflects the change in the surplus or deficit, except for contributions made to the plan and benefits paid by the plan, along with business combinations and remeasurement gains and losses.

Remeasurement gains and losses comprise actuarial gains and losses, return on plan assets (comprise amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability or asset). Remeasurements are recognised in other comprehensive income.

The defined benefit costs are comprised of the following individual components:

- Service costs (including current and past service costs as well as gains/losses on curtailments and settlements)
- Net interest costs or income
- Re-measurement

The Company presents the first two components of defined benefit costs in profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprises actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

Voluntary Retirement Scheme

A liability for termination benefits like expenditure on Voluntary Retirement Scheme is recognised at the earlier of when the Company can no longer withdraw the offer of termination benefit or when the Company recognises any related restructuring costs.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Compensated leave absences

Compensated leave absences are encashed by employees at year end and no carry forward of leave is permitted as per the leave policy. All leave remaining to be encashed at period end are fully provided.

B.14 Foreign Currency Transactions:

The Company's foreign operations are an integral part of the Company's activities. In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit and loss in the period in which they arise except for:

- Exchange differences on translation or settlement of long term foreign currency monetary items in respect of loans borrowed, which are not hedged, before April 01 2016 at rates different from those at which they were initially recorded or reported in the previous financial statements, insofar as it relates to acquisition of depreciable assets, are adjusted to the cost of the assets and depreciated over remaining useful life of such assets. Where the borrowal is after April 1, 2016, such exchange difference is recognised in Statement of Profit and loss. In other cases, where it has been hedged the same has been restated and adjusted against cash flow hedge of the respective derivative instruments.
- Exchange difference on translation of derivative instruments designated as cash flow hedge (see Note B.7 for hedging accounting policies).

B.15 Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current Tax

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefit, in the form of adjustment to future tax liability, is considered as an asset in the Balance Sheet. The carrying amount of MAT is reviewed at each reporting date and the asset would be written down to the extent the Company's right of adjustment would lapse.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

B.16 Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method, adjusting the profit before tax excluding exceptional items for the effects of:

(i) changes during the period in inventories and operating receivables and payables, transactions of a non-cash nature;

(ii) non-cash items such as depreciation, provisions, unrealised foreign currency gains and losses; and

(iii) all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as at the date of Balance Sheet.

B.17 Segment reporting

The Chief Operating Decision Maker (CODM) evaluates the company's performance and allocates resources based on an analysis of various performance indicators of the reportable segments. The company's reportable segments have been identified based on end consumption of the products sold or services rendered. The reportable segments are as follows:

Automotive - Powertrain & Others : This segment develops, manufactures, sells its and goods and services of powertrain and other products to the manufacturers of commercial/ passenger vehicles, farm equipment, mining and construction equipment.

Automotive - Aluminium Products : This segment develops, manufactures, sells its and goods and services consisting of aluminium automotive products to the manufacturers of two wheelers, passenger vehicles and commercial vehicles.

Industrial & Engineering : This segment develops, manufactures, sells its goods and services such as castings, gears, material handling equipment, railway products, special purpose machines, other general engineering products (together broadly termed as "High End Sub-assembly, Contract Manufacturing & Others") and storage products to various end user industries.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment and as well as those which can be allocated on a reasonable basis. Operating segments are reported in a manner consistent with the internal reporting to the CODM of the company.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31 2021

1.1 PROPERTY, PLANT & EQUIPMENT

(₹ in Lakhs)

Asset Category	Freehold land	Building *	Plant & Machinery	Office Equipment	Furniture & Fixtures	Vehicles	Property, Plant & Equipment Total
Gross Block							
At April 01 2019	**7,665**	**17,644**	**1,67,837**	**1,587**	**360**	**122**	**1,95,215**
Additions	-	643	11,135	126	161	-	12,065
Disposals	-	-	503	1	1	7	512
At March 31 2020	**7,665**	**18,287**	**1,78,469**	**1,712**	**520**	**115**	**2,06,768**
Additions	-	1,178	14,733	42	14	-	15,967
Disposals	-	132	515	1	-	5	653
At March 31 2021	**7,665**	**19,333**	**1,92,687**	**1,753**	**534**	**110**	**2,22,082**
Depreciation							
At April 01 2019	**-**	**2,676**	**43,681**	**999**	**140**	**87**	**47,583**
Additions	-	921	15,690	219	50	14	16,894
Disposals	-	-	363	1	1	7	372
At March 31 2020	**-**	**3,597**	**59,008**	**1,217**	**189**	**94**	**64,105**
Additions	-	1,033	15,073	172	52	8	16,338
Disposals	-	132	254	1	-	5	392
At March 31 2021	**-**	**4,498**	**73,827**	**1,388**	**241**	**97**	**80,051**
At April 01 2019	**7,665**	**14,968**	**1,24,156**	**588**	**220**	**35**	**1,47,632**
At March 31 2020	**7,665**	**14,690**	**1,19,461**	**495**	**331**	**21**	**1,42,663**
At March 31 2021	**7,665**	**14,835**	**1,18,860**	**365**	**293**	**13**	**1,42,031**

* Includes WDV of improvements on leasehold buildings worth ₹ 655 Lakhs as on March 31 2021 (WDV of ₹ 926 Lakhs as on March 31 2020)

1.2 CAPITAL WORK IN PROGRESS

(₹ in Lakhs)

Asset Category	TANGIBLE - CWIP	INTANGIBLE - CWIP	Total Capital Work in Progress
Gross Block			
At April 01 2019	9,062	-	9,062
Additions	5,529	-	5,529
Disposals	5,708	-	5,708
At March 31 2020	**8,883**	**-**	**8,883**
Additions	2,023	-	2,023
Disposals	7,435	-	7,435
At March 31 2021	**3,471**	**-**	**3,471**
Impairment of CWIP			
At April 01 2019	-	-	-
Additions	-	-	-
Disposals	-	-	-
At March 31 2020	**-**	**-**	**-**
Additions	274	-	274
Disposals	-	-	-
At March 31 2021	**274**	**-**	**274**
At April 01 2019	**9,062**	**-**	**9,062**
At March 31 2020	**8,883**	**-**	**8,883**
At March 31 2021	**3,197**	**-**	**3,197**

1.3 OTHER INTANGIBLE ASSETS

(₹ in Lakhs)

Asset Category	Computer Software	Product Development	Technical know-how	Intangible Assets Total
Gross Block				
At April 01 2019	**1,866**	**636**	**430**	**2,932**
Additions	174	-	-	174
Disposals	-	-	-	-
At March 31 2020	**2,040**	**636**	**430**	**3,106**
Additions	67	-	-	67
Disposals	-	-	-	-
At March 31 2021	**2,107**	**636**	**430**	**3,173**
Depreciation				
At April 01 2019	**896**	**545**	**57**	**1,498**
Additions	283	91	172	546
Disposals	-	-	-	-
At March 31 2020	**1,179**	**636**	**229**	**2,044**
Additions	280	-	172	452
Disposals	-	-	-	-
At March 31 2021	**1,459**	**636**	**401**	**2,496**
At April 01 2019	**970**	**91**	**373**	**1,434**
At March 31 2020	**861**	**-**	**201**	**1,062**
At March 31 2021	**648**	**-**	**29**	**677**

Note:

1. Additions to PPE & CWIP include exchange gain or loss aggregating to ₹ 53 Lakhs for the year 2020-21 (₹ 175 Lakhs for the year 2019-20) capitalised under Plant & Machinery
2. All term loans both Rupee and Foreign Currency are secured by first pari passu charge on fixed assets of the company. Refer Note no. 3.7
3. Management has decided not to fair value freehold land

NOTE No. 1.4

RIGHT-OF-USE ASSETS

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Opening	10,847	10,363
Additions	573	2,840
Depreciation expense	(2,176)	(2,193)
Deletions	(901)	(163)
Closing	**8,343**	10,847

Refer note: B.6 & 3.8a for detailed disclosures

FINANCIAL ASSETS
NOTE No. 1.5
NON CURRENT INVESTMENTS

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Investment in Equity of Subsidiaries		
Craftsman Automation Singapore Pte. Ltd.		
(Wholly owned subsidiary of the company)		
7,67,000 equity shares of SGD 1 each fully paid up -at cost ₹ 3,78,81,075	379	379
Less: Provision for diminution in value (refer note 3.4b)	(379)	(379)
Craftsman Europe B.V. Netherlands		
(Wholly owned subsidiary of the company)		
(formerly known as Craftsman Marine B.V.)		
28,900 equity shares of Euro 100 each fully paid up - at cost ₹ 22,64,15,848	2,264	2,264
Investment in Equity of Joint Venture		
Carlstahl Craftsman Enterprises Private Ltd (30% stake)		
600,000 equity shares of ₹ 10 each fully paid up	60	60
Investment in Equity instruments (at Fair Value through OCI)		
Unquoted		
MC Craftsman Machinery Private Ltd (10% stake)		
2,10,000 equity shares of ₹ 100 each fully paid up	-	-
iEnergy wind farm (Theni) Private Ltd		
4550 equity shares of ₹ 10 each fully paid up #	-	-
TAGMA Centre of Excellence and Training		
15 equity shares of ₹ 10 each fully paid up	5	5
Bhatia Coke & Energy Limited	-	110
34,810 equity shares of ₹ 10 each fully paid up		
(cost ₹ 10,999,960)		
Hurricane Windfarms Pvt Limited (26% stake)*	4	4
39,000 equity shares of ₹ 10 each fully paid up		
Watsun Infrabuild Private Limited	21	21
209,252 equity shares of ₹ 10 each fully paid up		
Other Investments at fair value		
Deemed Equity- Wholly Owned Subsidiary (refer note 3.4b)	463	92
Craftsman Europe B.V Netherlands		
Total	**2,817**	**2,556**

*Note: The company holds 26% equity stake in Hurricane Windfarms Pvt Ltd. As the shareholders agreement entered into with the promoters of Hurricane Windfarms Pvt Ltd contains restrictive covenants, the company cannot exercise "Significant influence" in terms of Ind AS 28 and therefore is not classified under "Investments in Associates" and accordingly is not considered as a component for consolidated financial statements

#amount is below rounding off norms adopted by the company

Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments including deemed equity	3,196	2,935
Aggregate amount of impairment in value of investments	(379)	(379)

Details of Significant Investments:

Name of the entity	Relationship	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest	
				As at March 31 2021	As at March 31 2020
Craftsman Automation Singapore Pte Ltd	Wholly owned subsidiary	Sourcing Office	Singapore	100%	100%
Craftsman Europe B.V.	Wholly owned subsidiary	Trading - Marine Engines	Netherlands	100%	100%
Carl Stahl Craftsman Enterprises Private Limited	Joint Venture	Trading - Hoists & Cranes	India	30%	30%

NOTE No. 1.6
LOANS

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Loan to Wholly Owned Subsidiaries		
Craftsman Europe B.V. The Netherlands #	125	433
Craftsman Automation Singapore Pte. Ltd. Singapore #	-	-
Add: Interest Accrued	3	3
Less: Provision for Doubtful Advances (refer note 3.4b)	(3)	(3)
Total	**125**	**433**

amount is below rounding off norms adopted by the Company

Loans receivable considered good - Secured	-	-
Loans receivable considered good - Unsecured	125	433
Loans Receivables - significant increase in Credit Risk	-	-
Loans Receivables - credit impaired	3	3

NOTE No. 1.7
SECURITY DEPOSITS

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Rent Deposit	1,015	1,007
Other Deposits	1,021	1,176
Total	**2,036**	**2,183**

NOTE No. 1.8
OTHER NON-CURRENT FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Currency swap & Interest Rate Swap ('IRS') Derivative	146	1,057

NOTE No. 1.9
CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Advance payment of income tax less provisions	-	110

NOTE No. 1.10
OTHER NON CURRENT ASSETS
Unsecured, considered good unless otherwise stated

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Gratuity - excess value of plan assets over obligation	-	255
Capital Advances	1,229	704
Less: Provision for doubtful advances to supplier	(28)	(28)
Total	**1,201**	**931**

NOTE No. 1.11
INVENTORIES

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Raw Materials, Components and Consumables	17,183	12,239
Work-in-progress	7,614	8,626
Finished goods	1,971	-
Consumable Stores	3,731	3,827
Tools in use	1,960	2,025
Machinery Spares	6,684	4,304
Packing Materials	349	248
Stock in transit	272	155
Total	**39,764**	**31,424**
Inventory valued at NRV	575	240
Amount written down to arrive at NRV*	128	87

* These were recognised as an expense during the year and included in changes in value of inventories of WIP in Statement of Profit and Loss

Provision for slow moving inventory made in the current year is ₹ 175 Lakhs (previous year is ₹ 81 Lakhs)

NOTE No. 1.12
TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Considered good - Secured	-	-
Considered good - Unsecured	23,548	19,370
Significant increase in Credit Risk	599	611
Credit impaired	184	184
Less: Provision for doubtful debts	(783)	(795)
Total	**23,548**	**19,370**

Receivables from related parties - refer note 3.5

Movement in Provision for doubtful debt is as follows (including under ECL model):

(₹ in Lakhs)

	Opening	Allowance made during the year	Write off during the year	Closing
March 31 2021	795	187	(199)	783
March 31 2020	641	164	(10)	795

NOTE No. 1.13
CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
a. Balances with banks	2,632	5,840
b. Cash on hand	2	11
Total	**2,634**	**5,851**

NOTE No. 1.14
OTHER BANK BALANCES

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Margin money against LC	1,145	739
Margin money against Guarantee	6	1
Other Deposits	388	448
Total	**1,539**	**1,188**

NOTE No. 1.15
SECURITY DEPOSIT-CURRENT

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Security Deposits -Current	362	67

NOTE No. 1.16
OTHER CURRENT FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Currency swap, IRS & Forward cover derivative	425	192
Total	**425**	**192**

NOTE No. 1.17
OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
(Unsecured, considered good unless otherwise stated)		
Balances with Government Authorities	832	1,038
Advance to Suppliers (Other than Capital Goods)	5,089	681
Prepaid Expenses	1,075	1,206
Advance to Employees	34	39
Contract assets - Unbilled Revenue	170	13
Others	112	206
Total	**7,312**	**3,183**

NOTE No. 1.18

EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at March 31 2021		As at March 31 2020	
	Nos.	Amount	Nos.	Amount
Authorised				
Equity Shares of ₹ 5 each	4,00,00,000	2,000	4,00,00,000	2,000
Issued, called, subscribed & Paid Up				
Equity Shares of ₹ 5 each	2,11,28,311	1,056	2,01,21,600	1,006
Total	**2,11,28,311**	**1,056**	**2,01,21,600**	**1,006**

The movement of equity shares is as below

(₹ in Lakhs)

Particulars	As at March 31 2021		As at March 31 2020	
	Nos.	Amount	Nos.	Amount
Shares outstanding at the beginning of the year	2,01,21,600	1,006	2,01,21,600	1,006
Additions due to issue of shares	10,06,711	50	-	-
Shares outstanding at the end of the year	2,11,28,311	1,056	2,01,21,600	1,006

Rights, Preferences and Restrictions to equity shares

The company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the shareholders will be entitled to receive the remaining assets of the company, in proportion to their shareholding.

Details of equity shareholders holding more than 5% shares in the company

Name of the equity shareholder	As at March 31 2021		As at March 31 2020	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
S Ravi	**1,05,00,000**	**49.70%**	1,06,30,640	52.83%
S Murali	**21,26,260**	**10.06%**	21,26,260	10.57%
Marina III (Singapore) Pte Limited	**11,56,808**	**5.48%**	31,18,500	15.50%
International Finance Corporation-USA			28,28,100	14.06%
K Gomatheswaran			14,17,500	7.04%
Total	**1,37,83,068**	**65.23%**	**2,01,21,000**	**99.99%**

For the period of five years immediately preceding the balance sheet date

i) Details of number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash

- The company has not allotted any shares pursuant to contracts without payment being received in cash

ii) Details of number and class of shares allotted as fully paid up by way of bonus shares:

- Based on the approval by the shareholders in the Extra ordinary General Meeting held on December 11 2017, the Company had allotted 431,177 number of fully paid Bonus shares on December 21 2017 in the ratio of three equity shares of ₹ 100 each fully paid up for every four existing equity shares of ₹ 100 each fully paid up.

iii) Details of number and class of shares bought back:

- The company has not bought back any shares during the period of 5 years immediately preceding the balance sheet date

Sub-division of shares:

The shareholders of the company at the Extra ordinary General Meeting held on April 30 2018 approved the subdivision of equity shares of ₹100/- each into equity shares having a face value of ₹ 5/- each. Consequently the total number of equity shareholding has changed to 20,121,600 equity shares of face value ₹ 5/- each from that date.

Initial Public Offering of shares:

The equity shares of the Company have been listed on BSE Limited and National Stock Exchange of India Limited on March 25 2021 upon successful completion of the Initial Public Offer ('IPO' or 'the Public Offer'). The IPO involved (a) Fresh Issue of 10,06,711 equity shares and (b) Offer for Sale of 45,21,450 equity shares of face value of ₹ 5 each at an offer price of ₹ 1,490 per share.

NOTE No. 1.19

OTHER EQUITY

(₹ in Lakhs)

Particulars	Note	As at March 31 2021	As at March 31 2020
Reserves & Surplus			
Securities Premium	A & F	28,308	13,795
General Reserves	B	9,662	9,662
Retained Earnings	C	60,093	50,579
Total Reserves & Surplus		**98,063**	**74,036**
Cash Flow Hedging Reserve	D	(953)	(1,661)
Equity instruments through Other Comprehensive Income		(321)	(211)
Total		**96,789**	**72,164**

Additions and Deductions since the last balance sheet date:

(i) Securities Premium Account

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Opening balance	13,795	13,795
Premium on fresh issue of shares	14,950	-
Issue expenses adjusted	(437)	-
Closing balance	**28,308**	**13,795**

(ii) Retained Earnings

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Opening balance	50,579	47,252
Profit for the year	9,676	3,665
Items of other comprehensive income recognised directly in retained earnings:		
- Remeasurements of defined benefit obligation (net of tax)	(162)	269
Dividend (including dividend distribution tax)	-	(607)
Closing balance	**60,093**	**50,579**

(iii) Cash Flow Hedging Reserve

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Opening balance	(1,661)	(1,523)
Changes in fair value of hedging instruments	1,088	(212)
Deferred Tax	(380)	74
Closing Balance	**(953)**	**(1,661)**

(iv) Equity instruments through Other Comprehensive Income

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Opening balance	(211)	(95)
Changes in fair value of FVOCI equity instruments	(110)	(116)
Closing Balance	**(321)**	**(211)**

Refer "Statement of Changes in Equity" for additions/deletions in each of these items

A. Securities Premium represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act 2013 for specified purposes.

B. General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend pay-out, bonus issue, etc.

C. Retained Earnings includes ₹ 5,542 Lakhs of revaluation reserve created due to Land revaluation on transition date to Ind AS (April 01 2015), which will not be available for distribution of profits

D. Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated in this reserve are reclassified to profit or loss only when the hedged transaction affects the profit or loss.

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

F. The expenses incurred in relation to IPO upto end of the financial year ended March 31 2021 amounting to ₹ 2,403 Lakhs (inclusive of taxes) are proportionately allocated between the selling shareholders and the Company as per respective offer size. The Company's share of these expenses amounting to ₹ 437 Lakhs has been adjusted against securities premium to the extent they are determinable with certainty. The balance amount, if any, would be adjusted in the subsequent accounting period when they are expected to crystallise.

NOTE No. 1.20

LONG TERM BORROWINGS

(₹ in Lakhs)

Particulars	As at March 31 2021		As at March 31 2020	
	Non-Current	Current *	Non-Current	Current *
Secured				
From Banks				
Rupee Term Loans	11,528	4,051	24,736	4,903
Foreign Currency Term Loans	24,509	6,770	31,369	7,906
	36,037	**10,821**	**56,105**	**12,809**
From NBFC				
Rupee Term Loans	7,682	-	10,723	-
Total	**43,719**	**10,821**	**66,828**	**12,809**

Notes:

1. The above long term borrowings are carried at amortised cost.

(₹ in Lakhs)

Particulars	March 31 2021	March 31 2020
Loans at amortised cost as at the end of the year	54,540	79,637
Add : Unamortised upfront fee paid as at the end of year	236	414
Gross loan outstanding as at the end of the year	**54,776**	**80,051**

2. Refer note no 3.7 for security and terms of borrowings.

* Taken to other current financial liabilities (Note 1.26)

Net Debt Reconciliation:

For the year ended 31 March 2021

(₹ in Lakhs)

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	Non-Current Borrowing plus current maturity of long term debt*	Lease Liability	Total
Balance as at April 01 2020	5,851	(539)	(24,488)	(80,350)	(11,576)	(1,11,102)
Acquisition of RoU asset	-	-	-	-	(573)	(573)
Pre-closure of leases	-	-	-	-	901	901
Cash Flows	(3,217)	-	8,359	23,870	1,004	30,016
Fair Value changes	-	(193)	-	-	-	(193)
Foreign exchange adjustments	-	-	254	1,443	-	1,697
Interest expense & other charges	-	-	(2,117)	(7,222)	(1,077)	(10,416)
Interest & charges paid	-	-	2,171	7,107	1,077	10,355
Balance as at March 31 2021	**2,634**	**(732)**	**(15,821)**	**(55,152)**	**(10,244)**	**(79,315)**

For the year ended 31 March 2020

(₹ in Lakhs)

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	Non-Current Borrowing plus current maturity of long term debt*	Lease Liability	Total
Balance as at April 01 2019	1,805	(1303)	(13,547)	(85,841)	-	(98,887)
Acquisition of RoU asset	-	-	-	-	(13,393)	(13,393)
Pre-closure of leases	-	-	-	-	163	163
Cash Flows	4,046	-	(10,926)	7,706	1,654	2,480
Fair Value changes	-	764	-	-	-	764
Foreign exchange adjustments	-	-	-	(2,037)	-	(2,037)
Interest expense & other charges	-	-	(3,822)	(8,570)	(1,060)	(13,452)
Interest & charges paid	-	-	3,807	8,392	1,060	13,259
Balance as at March 31 2020	**5,851**	**(539)**	**(24,488)**	**(80,350)**	**(11,576)**	**(1,11,102)**

*Includes the portion of "interest accrued but not due" pertaining to borrowings.

** does not include foreign currency forward contracts that are used for hedging liabilities that are operating cash flows

NOTE No. 1.21

NON-CURRENT FINANCIAL LIABILITIES- OTHERS

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Currency swap & IRS Derivative	902	1,037
Rent Advance	2	2
Lease Liability	8,303	9,797
Total	**9,207**	**10,836**

Notes:

1. Currency swaps are for principal only and are cash flow hedge and hence are carried at fair value through OCI
2. IRS & IRC derivatives that are hedge effective are carried at fair value through OCI & others are carried at fair value through Statement of Profit & Loss
3. Rent advance is carried at amortized cost as it is not material to be fair valued
4. Lease Liability - Please refer Note No B.6 & 3.8

NOTE No. 1.22

LONG TERM PROVISIONS

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Other Provisions		
Provision for Warranty Cost	36	87

Note: Movement in Provision for product warranties is as follows :

(₹ in Lakhs)

Particulars	Opening	Transferred to Short Term	Warranty provided for current year	Closing
As at March 31 2021	87	53	2	36
As at March 31 2020	20	6	73	87

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future obligations. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which ranges from 2 to 5 years

NOTE No. 1.23

DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Deferred Tax Liabilities	16,219	16,763
Deferred Tax Assets	(2,400)	(2,929)
Deferred Tax Liabilities (net)	**13,819**	**13,834**
MAT Credit Entitlement- Unused tax credit	(6,911)	(9,858)
Total	**6,908**	**3,976**

Note : Refer Note No 3.1 for detailed deferred tax working and effective tax rate reconciliation

NOTE No. 1.24

SHORT TERM BORROWINGS

(₹ in Lakhs)

Particulars		As at March 31 2021	As at March 31 2020
Secured			
Loans repayable on demand from banks			
Rupee Loans		1,890	24,427
Foreign Currency Loans		13,924	-
Sub-total (A)		**15,814**	**24,427**
Unsecured			
Overdraft		-	-
Sub-total (B)		-	-
Total	**(A + B)**	**15,814**	**24,427**

Short Term Borrowings from banks are secured by
a. first pari passu charge on current assets of the company.
b. second pari passu charge on fixed assets of the company.
In addition to the above, the loans are guaranteed by personal guarantees of the Chairman and Managing Director

NOTE No. 1.25

TRADE PAYABLES

(₹ in Lakhs)

Particulars		As at March 31 2021	As at March 31 2020
Due to Micro and Small Enterprises-(MSE)		1,841	2,076
Sub-total (A)		**1,841**	**2,076**
Due to Other Suppliers		31,969	25,336
Accrued Expenses and others		1,419	918
Sub-total (B)		**33,388**	**26,254**
Total	**(A + B)**	**35,229**	**28,330**

Payables to related parties - refer note 3.5

NOTE No. 1.26

OTHER CURRENT FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Current maturities of long-term debt (refer note 1.20)	10,821	12,809
Current portion - lease liability (refer note 3.8)	1,941	1,779
Interest accrued but not due on borrowings	620	774
Currency swap , IRS & Forward cover derivative	400	745
Creditors for capital goods and services	1,452	464
Employee related liabilities	1,546	1,213
Dues to directors	9	2
Liability towards selling shareholders (from IPO proceeds)	3,081	-
Others	1,495	128
Total	**21,365**	**17,914**

NOTE No. 1.27

CURRENT TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Income tax provisions less advance payment	67	-

NOTE No. 1.28

OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Advance from customers	3,120	2,584
Deferred Revenue- EPCG benefit	1,148	2,800
Statutory Dues	1,358	877
Total	**5,626**	**6,261**

NOTE No. 1.29

SHORT TERM PROVISIONS

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Provision for employee benefits		
Gratuity	148	-
Other Provisions		
Provision for Warranty Cost	99	111
Provision for Rejection	94	60
Total	**341**	**171**

Note:

Movement in Provision for product warranties is as follows :

(₹ in Lakhs)

	Opening	Expired during the year	Warranty provided for current year	Closing
As at March 31 2021	111	111	99	99
As at March 31 2020	103	103	111	111

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future obligations. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which ranges upto one year.

Movement in Provision for rejection is as follows :

(₹ in Lakhs)

	Opening	Expired during the year	Rejection provided for current year	Closing
As at March 31 2021	60	60	94	94
As at March 31 2020	127	127	60	60

This provision is recognised once the products are sold. Materials are rejected due to various reasons and either get re processed and replaced to the customers depending on the type of rejections. These rejections gets fulfilled within a period of 3 months and the provisions represents the present value of management's best estimate of possible rejections within the next one quarter.

NOTE No. 2.1
REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars		March 31 2021	March 31 2020
Sale of products;			
Domestic Sales		88,952	83,090
Export Sales		13,574	14,688
	A.	**1,02,526**	**97,778**
Sale of services;			
Machining Charges		39,058	38,314
Service Charges		299	236
	B.	**39,357**	**38,550**
Other operating revenues;			
Sale of swarf & others		10,377	9,166
Duty Drawback		207	255
EPCG income on fulfilling obligation		1,938	2,249
Export Incentive under MEIS		224	340
	C.	**12,746**	**12,010**
Revenue from operations (A+B+C)		**1,54,629**	**1,48,338**

Refer Note no: 3.12 "Segment Reporting" for breakup of revenue from operations.

NOTE No. 2.2
OTHER INCOME

(₹ in Lakhs)

Particulars	March 31 2021	March 31 2020
Interest Income from deposits measured at amortised cost	118	127
Interest Income due to unwinding of fair valued assets		
-Rent Advance	92	89
-Deemed Equity	314	56
Net gain on sale of assets	59	3
Rental income	28	30
Interest on Loan to Wholly Owned Subsidiary#	-	-
Exchange rate Gain/(Loss) on Transaction & Translation	694	491
MTM Gain / (Loss) - Derivative -(Net)	-	17
Unclaimed balances written back	17	62
Others	-	40
Total	**1,322**	**915**

amount is below rounding off norms adopted by the Company

NOTE No. 2.3
COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	March 31 2021	March 31 2020
Cost of goods sold	65,700	55,254
Carriage inward	719	964
Sub Contract Charges	491	581
Total	**66,910**	**56,799**

NOTE No. 2.4
CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS

(₹ in Lakhs)

Particulars	March 31 2021	March 31 2020
Inventory at the end of the year		
Work in Progress	7,614	8,626
Finished Goods	1,972	-
Sub total	**9,586**	**8,626**
Inventory at the beginning of the year		
Work in Progress	8,626	10,140
Sub total	**8,626**	**10,140**
(Increase) / decrease in inventory	**(960)**	**1,514**

NOTE No. 2.5
EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	March 31 2021	March 31 2020
Salaries and wages	10,820	12,133
Contributions to PF & ESI	376	473
Contribution to Gratuity fund	156	157
Managerial Remuneration	1,277	594
Staff welfare expenses	1,663	1,931
Total	**14,292**	**15,288**

NOTE No. 2.6
DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSE

(₹ in Lakhs)

Particulars	March 31 2021	March 31 2020
Depreciation on Property, Plant & Equipment	16,146	16,711
Amortization of Intangible Assets (Software & Dev.Exp.)	452	546
Amortization- Right-of-use Asset	2,176	2,194
Write off (including obsolescence)	193	182
Impairment of Capital Work in Progress	274	-
Total	**19,241**	**19,633**

NOTE No. 2.7
OTHER EXPENSES

(₹ in Lakhs)

Particulars		March 31 2021	March 31 2020
Manufacturing Expenses			
Stores, Spares & tool consumed		9,730	10,074
Power & Fuel		8,210	8,509
Repairs & Maintenance			
- Machinery		3,224	5,197
- Building		197	321
- Others		662	1,144
Payment to contractors		2,853	2,215
Other manufacturing expenses		169	282
	A.	**25,045**	**27,742**
Administrative Expenses			
Professional and Consultancy charges		437	511
Insurance Charges		398	429
Rates & Taxes		196	32
Software Licenses		362	490
General Administrative Expenses		413	488
Printing & Stationary		89	121
Postage & Telegrams		26	37
Rent		80	129
Telephone Expenses		135	240
Travelling Expenses		240	798
Directors' Sitting Fees		21	23
Remuneration to auditors			
-Statutory Audit		55	51
-Taxation and Certification		21	14
CSR Expenses		154	89
Amounts written off			
- Bad debts		199	10
- Doubtful advances		(4)	110
Provisions for the year			
- Doubtful advances		-	(346)
- Diminution in value of investment		-	347
- Warranty		(62)	75
- Rejections		34	(67)
- Doubtful debts		(13)	154
	B.	**2,781**	**3,735**
Selling expenses			
Packing material consumed		1,105	1,453
Carriage Outward		1,698	1,819
Sales Promotion Expenses		355	478
	C.	**3,158**	**3,750**
Total (A+B+C)		**30,984**	**35,227**

NOTE No. 2.8
FINANCE COSTS

(₹ in Lakhs)

Particulars	March 31 2021	March 31 2020
Interest expenses		
- On Short Term Borrowings	2,117	3,822
- On Long Term Borrowings at Amortised Cost	7,006	8,399
Other Borrowing costs		
- Unwinding of discounted Upfront fee on loans	216	171
- Interest unwind - lease liability - Please refer Note 3.8	1,077	1,060
- Unwinding of Rent Advance	92	89
Bank charges	578	438
MTM (Gain) / Loss - Derivative -(Net)	13	50
Net (gain)/loss on foreign currency transactions and translation	(371)	831
Total	**10,728**	**14,860**

NOTES ANNEXED TO AND FORMING PART OF STANDALONE FINANCIAL STATEMENTS:

3.1 Income taxes

Income tax expense for the year reconciled to accounting profit

(₹ in Lakhs)

		Year Ended March 31 2021	Year Ended March 31 2020
Profit before tax	a	14,756	5,355
Income tax rate	b	34.944%	34.944%
Income tax expenses	a* b	5,156	1,871
Effect of			
i) EPCG Benefit capitalisation not considered for Income Tax purpose		(87)	(786)
ii) Effect of expenses inadmissible for tax		11	700
iii) Effect of other adjustments		-	(95)
Income tax expense recognised in Statement of Profit & Loss		**5,080**	**1,690**

Movement of deferred tax assets/ liabilities

(₹ in Lakhs)

Movement during the year ended March 31 2021	As at March 31 2020	Recognised in P & L	Recognised in OCI	MAT utilisation	As at March 31 2021
Depreciation & Amortization	(15,375)	35	-	-	(15,340)
Provision for doubtful debts	278	(4)	-	-	274
Provision for Loans & Advances and Others	133	-	-	-	133
Other Temporary Differences	1,130	278	(293)	-	1,114
MAT Credit Entitlement	9,858	-	-	(2,947)	6,911
	(3,976)	**309**	**(293)**	**(2,947)**	**(6,908)**

(₹ in Lakhs)

Movement during the year ended March 31 2020	As at March 31, 2019	Recognised in P & L	Recognised in OCI	MAT utilisation	As at March 31 2020
Depreciation & Amortization	(14,529)	(846)	-	-	(15,375)
Provision for doubtful debts	224	54	-	-	278
Provision for Loans & Advances and Others	133	-	-	-	133
Other Temporary Differences	416	784	(70)	-	1,130
MAT Credit Entitlement	10,002	(144)	-	-	9,858
	(3,754)	**(152)**	**(70)**	**-**	**(3,976)**

3.2 Employee Benefits

Defined Contribution Plan

The employee provident fund is in the nature of Defined contribution plan. The contribution made to the scheme is considered as expense in the statement of Profit and loss when the employee renders the related service. There is no other obligation other than the contribution payable to employee provident fund.

The total expenses recognised in statement of profit and loss of ₹ 307 Lakhs (2019-20: ₹ 357 Lakhs) represents contribution payable to these plans by the company at rates specified in the rules of the plan.

Defined benefit plans

The company extends defined benefit plan in the form of gratuity to employees. The company makes annual contribution to gratuity fund administered by trustees and managed by SBI Life Insurance Company Ltd. The Company's liability is determined based on actuarial valuation done at the year end as per projected unit credit method. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service subject to the maximum of ₹ 20 Lakhs. Vesting occurs upon completion of five years of service.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
Liquidity Risk	Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cash flows.
Market Risk	Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
Legislative Risk	Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognised immediately in the year when any such amendment is effective.

The principal assumptions used for the purposes of the actuarial valuations were as follows

Particulars	As at March 31 2021	As at March 31 2020
Discount rate	7.02%	6.54%
Expected rate of salary increase	5.00%	3.00%
Attrition rate	5.00%	10.00%

The estimate of future salary increase (which has been set in consultation with the company), take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

Particulars	Year ended March 31 2021 ₹ In Lakhs	Year ended March 31 2020 ₹ In Lakhs
Current Service Cost	174	147
Net interest expense/ (income)	(18)	10
Component of defined benefit cost recognised in P&L	**156**	**157**
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gain)/loss arising from changes in financial assumptions	174	(379)
Actuarial (Gain)/ Losses due to Experience on DBO	81	(46)
Actuarial (Gain)/Loss arising from changes in financial assumptions due to demographic assumption changes in DBO	(10)	26
Return on Plan Assets (Greater) / Less than Discount rate	4	(14)
Components of defined benefit costs recognised in other comprehensive income	**249**	**(413)**
Total Defined Benefit Cost	**405**	**(256)**

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Present value of defined benefit obligation	1,580	1,419
Fair value of plan assets	1,432	1,675
Net liability arising from defined benefit obligation (funded)	(148)	256

Movements in the present value of the defined benefit obligation in the current year were as follows:

(₹ in Lakhs)

Particulars	Year ended March 31 2021	Year ended March 31 2020
Opening defined benefit obligation	1,419	1,696
Current Service Cost	174	147
Interest Cost	88	107
Benefits paid	(344)	(132)
Actuarial (gain)/loss	244	(399)
Closing defined benefit obligation	1,580	1,419

Movements in fair value of plan assets in the current year were as follows:

(₹ in Lakhs)

Particulars	Year ended March 31 2021	Year ended March 31 2020
Opening fair value of plan assets	1,675	1,405
Interest income of the assets	105	97
Employer contribution	-	291
Benefits payout	(344)	(132)
Actuarial gain/(loss)	(4)	14
Closing fair value of plan assets	1,432	1,675

The Company funds the cost of the gratuity expected to be earned on a yearly basis to SBI Life Insurance Company Limited, which manages the plan assets.

The actual return on plan assets was ₹ 102 Lakhs (2019-20: ₹ 111 Lakhs)

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting year.

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
If the discount rate is 100 basis points higher/lower, the defined benefit obligation would		
• Decrease by (Mar 21: (8.87%); Mar 20: (7.56%))	(140)	(107)
• Increase by (Mar 21: 10.37%; Mar 20: 8.75%)	164	124
If the expected salary is 100 basis points higher/lower, the defined benefit obligation would		
• Increase by (Mar 21: 9.13%; Mar 20: 7.94%)	144	113
• Decrease by (Mar 21: (8.15%); Mar 20: (7.03%))	(129)	(100)
If the attrition rate is 100 basis points higher/lower, the defined benefit obligation would		
• Increase by (Mar 21: 1.36%; Mar 20: 2.24%)	21	31
• Decrease by (Mar 21: (1.53%);Mar 20 : (2.51%))	(24)	(36)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of each reporting year, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

Funding arrangements

The company has been fully funding the liability through a trust administered by an insurance company. Regular assessment of the increase in liability is made by the insurance company and contributions are being made to maintain the fund. Subject to credit risk of the insurance company & the asset liability mismatch risk of the investments, the Company will be able to meet the past service liability on the valuation date that falls due in the future.

The Company expects to make a contribution of ₹ 260 Lakhs (as at March 31 2020: ₹ 128 Lakhs) to the defined benefit plans for the next financial year.

Information on the maturity profile of the liabilities:

Particulars	March 31 2021	March 31 2020
Weighted average duration of the DBO	13.08 years	8.46 years
	₹ Lakhs	**₹ Lakhs**
Projected Benefit Obligation	1,580	1,419
Accumulated Benefits Obligation	1,446	1,149

Maturity Profile (Para 147 C of Ind AS 19):

(₹ in Lakhs)

FUTURE PAYOUTS	Present Value
Year (i)	160
Year (ii)	82
Year (iii)	83
Year (iv)	88
Year (v)	80
Next 5 year pay-outs(6-10yrs)	335
Pay-outs above ten years	751

3.3 Earnings per share

Particulars	Year ended March 31 2021	Year ended March 31 2020
Earnings per share ('EPS')	₹	₹
Basic earnings per share	48.02	18.21
Diluted earnings per share	48.02	18.21
EPS based on earnings before exceptional item	48.02	20.08
Face value per share for EPS	5	5
Basic and diluted earnings per share	**₹ Lakhs**	**₹ Lakhs**
Profit for the year attributable to equity shareholders	9,676	3,665
Profit (before exceptional item) attributable to equity shareholders	9,676	4,040
	Nos.	**Nos.**
Total number of equity shares outstanding at the end of the year	2,11,28,311	2,01,21,600
Weighted average number of equity shares		
- used in the calculation of basic earnings per share	2,01,49,181	2,01,21,600
- after adjustment for effect of dilution	2,01,49,181	2,01,21,600

The Company completed its Initial Public Offering (IPO) and listed its shares on BSE Limited and National Stock Exchange of India Limited on March 25 2021. The IPO involved fresh issues of 10,06,711 equity shares face value ₹ 5 each. The "weighted average number of equity shares" for computation of EPS has been calculated considering above mentioned fresh issue of shares from the date of allotment. (refer note: 1.18 for movement in equity share capital during year)

3.4 Financial Instruments:

3.4a Capital Management:

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions and the strategic objectives of the Company. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, buy back shares and cancel them, or issue new shares. The Company finances its operations by a combination of retained profit, bank borrowings, disposals of property assets and leases.

The Company monitors the capital structure on the basis of total debt to equity and maturity profile of the overall debt portfolio of the Company.

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Debt (long-term and short-term borrowings including current maturities)	70,354	104,064
Equity	97,845	73,170
Debt Equity Ratio	**0.72**	**1.42**

3.4b Financial risk management

In course of its business, the Company is exposed to certain financial risks that could have significant influence on the Company's business and operational / financial performance. These include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and monitors suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides services to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks.

The Company uses derivative financial instruments to hedge risk exposures in accordance with the Company's policies as approved by the board of directors.

i. Market Risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realisable fair values or future cash flows to the Company. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy

• Foreign currency risk management:

The Company undertakes transactions denominated in foreign currencies and thus it is exposed to exchange rate fluctuations. The Company actively manages its currency rate exposures, arising from transactions entered and denominated in foreign currencies, through treasury division and uses derivative instruments such as foreign currency forward contracts to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by Management. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year are as follows.

		As at March 31 2021		As at March 31 2020	
Assets	**Currency**	**Amount in Foreign currency (Lakhs)**	**Amount in ₹ (Lakhs)**	**Amount in Foreign currency (Lakhs)**	**Amount in ₹ (Lakhs)**
	USD	32	2,327	35	2,625
Receivables	EUR	9	733	10	788
	GBP	0	4	-	-
Loans given in FC	EUR	3	283	6	525
				-	
Total Receivables (A)			3,347		3,939
Hedged by derivative contracts (B)			-		-
Unhedged receivables (C=A-B)			3,347		3,939

		As at March 31 2021		As at March 31 2020	
Liabilities	**Currency**	**Amount in Foreign currency (Lakhs)**	**Amount in ₹ (Lakhs)**	**Amount in Foreign currency (Lakhs)**	**Amount in ₹ (Lakhs)**
	USD	93	6,784	41	3,093
	JPY	313	207	23	16
Payable (trade & others)	EUR	3	230	3	223
	GBP	0	7	0	3
	CHF	0	0	0	0
Borrowings (ECB and Others)	USD	596	43,584	493	36,907
	EUR	21	1,771	29	2,368
Total Payables (A)			52,583		42,610
Hedges by derivative contracts (B)	USD	271	19,817	279	21,019
Unhedged Payables (C=A-B)			32,767		21,591

• Foreign currency sensitivity analysis:

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a parallel foreign exchange rates shift in the foreign exchange rates of each currency by 1%, which represents Management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financials instruments. The following table details the Company's sensitivity movement in the unhedged foreign exposure:

(₹ in Lakhs)

	1% Strengthening of FC	
Currency	**As at March 31 2021**	**As at March 31 2020**
USD	(282)	(164)
GBP	(0)	(0)
CHF	(0)	(0)
EUR	(10)	(13)
JPY	(2)	(0)
	(294)	**(177)**

A depreciation of foreign currencies would have the opposite effect to the impact in the table above.

The following table details the forward foreign currency contracts outstanding at the end of the reporting year:

(In Lakhs)

	Foreign Currency		Equivalent value		Fair value of contracts	
Cash flow hedges	**As at March 31 2021**	**As at March 31 2020**	**As at March 31 2021**	**As at March 31 2020**	**As at March 31 2021**	**As at March 31 2020**
Sell USD	12	1	863	107	844	112

Note:

The MTM of the above has been included in the balance sheet under 'Other Current Financial Liability'. [Refer Note 1.26] as on March 31 2021 and under 'Other Current Financial Assets' [Refer Note 1.16]as on March 31 2020

Interest rate risk management:

The Company is exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. The risk of floating interest rates in foreign currency loans is managed by the Company by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting year. For floating rate liabilities which are unhedged, the analysis is prepared assuming that the amount of the liability as at the end of the reporting year was outstanding for the whole year. An increase or decrease of 50 basis point in rupee interest rates and 25 basis points in USD libor rate is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

A decrease in interest rates would have the opposite effect to the impact in the table below.

(₹ in Lakhs)

		Effect of change in interest rates		Outstanding as on	
Base Rate	**Increase in Base rate**	**As at March 31 2021**	**As at March 31 2020**	**As at March 31 2021**	**As at March 31 2020**
USD Libor	25 bps	24	-	9,510	-
INR Baserate	50 bps	86	188	17,122	37,537
		110	**188**	**26,632**	**37,537**

Foreign currency and interest rate sensitivity analysis for swap contracts:

The company has taken interest rate swaps ('IRS') to hedge the interest rate risks. The marked-to-market loss as at March 31 2021 is ₹ 836 Lakhs (March 31 2020 is ₹ 1,466 Lakhs). The amount of gain recognised in OCI for the year ended March 31 2021 is ₹ 642 Lakhs (March 31 2020 – loss ₹ 1,028 Lakhs) and the amount of loss recognised in Statement of Profit and Loss for the ineffective portion of cash flow hedge for the year ended March 31 2021 is ₹ 13 Lakhs (March 31 2020: loss of ₹ 50 Lakhs).

In addition to the above, the Company has an Interest Rate Collar ('IRC'), to hedge the interest rate risks. The marked-to-market loss as at March 31 2021 is ₹ 85 Lakhs (March 31 2020: Loss ₹ 111 Lakhs). The amount of loss recognised in OCI for the year ended March 31 2021 is ₹ 26 Lakhs (March 31 2020 – Loss ₹ 111 Lakhs).

In case of currency swaps, the effective portion of cash flow hedges, is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit and loss. Amounts recognised as OCI are transferred to profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs when the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability. The mark-to-market gain as at March 31 2021 is ₹ 174 Lakhs (March 31 2020: gain of ₹ 600 Lakhs). The amount of loss recognised in OCI for the year ended March 31 2021 is ₹ 426 Lakhs (March 31 2020: gain of ₹ 1,097 Lakhs). Also, the effect given to OCI on account of restatement gain of the underlying foreign currency loans for the year ended March 31 2021 is ₹ 1,273 Lakhs (March 31 2020: Loss of ₹ 1,030 Lakhs).

Further, the Company has call options for principal payments of two of its foreign currency loan which is designated as a cash flow hedge. The marked-to-market gain as at March 31 2021 is ₹ 28 Lakhs (March 31 2020: gain of ₹ 438 Lakhs). The amount of loss recognised in OCI for the year March 31 2021is ₹ 410 Lakhs (March 31 2020 – gain ₹ 855 Lakhs).

Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

• Trade receivables:

The Company periodically assesses the financial reliability of customers / corporates taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. These include customers / corporates, which have high credit-ratings assigned by international and domestic credit-rating agencies. Individual risk limits are set accordingly. The Company's trade and other receivables, including loans under customer financing activities, consists of a large number of customers, across geographies.

The company has used a practical expedient by computing the expected credit loss allowance for trade receivable based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

Movement in Credit loss allowance

(₹ in Lakhs)

Movement in credit loss allowance	As at March 31 2021	As at March 31 2020
Balance as at beginning of the year	795	641
Allowance for bad and doubtful debts during the year	187	164
Trade Receivables written off during the year	(199)	(10)
Balance as at the end of the year	783	795

- Other financial assets:

a. Craftsman Automation Singapore Pte Limited- wholly owned subsidiary:

Craftsman Automation Singapore Pte Limited is a wholly owned subsidiary and a sourcing office to the Company. The investment and the loan outstanding to its subsidiary was fully impaired in FY2016-17.

During October 2019, the loan outstanding to the extent of SGD 0.67 million (₹348 Lakhs) was converted to equity share capital. Subsequently, the Company passed Board Resolution at their meeting held on August 20 2019 to wind up the subsidiary

However, the process of winding up could not be initiated immediately due to the global pandemic. The subsidiary has filed for dissolution with regulator on March 12 2021. The subsidiary was non-operational as on March 31 2021.

b. Craftsman Europe BV- wholly owned subsidiary:

The Company had granted interest-free loans to Craftsman Europe B.V (formerly Craftsman Marine BV). Earlier, the Company fair valued the loan based on an estimated contractual repayment schedule, and the difference between the initial fair value and the amount of cash advanced was considered as an additional capital contribution in the subsidiary (deemed equity) and accounted in the books.

During the year ended March 31 2021, the Company has provided an extension in repayment of loan due from the subsidiary. On account of modification in the contractual cash flow, the Company has recalculated the fair value & deemed equity portion on the interest-free loan outstanding as on March 31 2021.

Further, the management based on the information available and considering the future business plan, cash flow projections & forecasts is of the view that the recoverable amount of investment is more than the carrying amount of investments and there has not been any significant increase in the credit risk & loan being credit impaired as the subsidiary is operating on a self-sustaining basis and generating profits.

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Carrying amount of Investment in Subsidiaries	2,264	2,264

c. Bhatia Coke & Energy Limited

Bhatia Coke & Energy Limited is under "Corporate Insolvency resolution process" as per the MCA website. Also, the management of the Company is taken over by an insolvency professional appointed by the National Company Law Tribunal (NCLT)

Given this, the Company has fair valued the investment to NIL as at March 31 2021. Fair value loss recognised in OCI for the year ended March 31 2021 is ₹ 110 Lakhs

d. Others

None of the Company's other cash equivalents, including time deposits with banks, are overdue or impaired.

Movement in Provision for advances:

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Balance as at beginning of the year	31	377
Allowance for the doubtful advances made during the year	(4)	(236)
Advances writen off during the year	4	(110)
Balance as at the end of the year	31	31

Refer Note 1.6 and 1.10 of the financial statements.

ii. Liquidity Risk:

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital limits from various banks. The Company invests its surplus funds in bank fixed deposit, which carry minimal mark to market risks.

The table below summarizes the maturity profile remaining contractual maturity period at the balance sheet date for its non-derivative financial liabilities based on the discounted cash flows.

(₹ in Lakhs)

As at March 31 2021	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total Amount
Bank and other borrowings	26,635	40,165	3,554	70,354
Interest payments on borrowings	3,870	5,973	126	9,969
Lease Liability	1,941	4,709	3,594	10,244
Trade Payables	35,229	-	-	35,229

(₹ in Lakhs)

As at March 31 2020	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total Amount
Bank and other borrowings	37,236	59,719	7,109	104,064
Interest payments on borrowings	6,899	11,756	565	19,220
Lease Liability	1,779	5,376	4,421	11,576
Trade Payables	28,330	-	-	28,330

The table below summarizes the maturity profile for its derivative financial liabilities based on the undiscounted contractual net cash inflows and outflows on derivative liabilities that settle on a net basis or gross basis. The table includes both hedge effective & ineffective derivative instruments. Hedge effective instruments are fair valued through Other Comprehensive Income (OCI) & hedge ineffective derivative instruments are fair valued through profit or loss.

(₹ in Lakhs)

As at March 31 2021	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Carrying Amount
Currency & Interest rates- Swaps & Options	37	(757)	-	(720)
Foreign exchange forwards	(12)	-	-	(12)
	25	**(757)**	**-**	**(732)**

(₹ in Lakhs)

As at March 31 2020	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Carrying Amount
Currency & Interest rates- Swaps & Options	(559)	20	-	(539)
Foreign exchange forwards	5	-	-	5
	(553)	**20**	**-**	**(534)**

Company manages the Capital and debt by closely monitoring the bank covenants.

3.4c Categories of Financial assets and liabilities:

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Financial Assets		
a. Measured amortized cost:		
Investments (net)	2,324	2,324
Cash and cash equivalents	2,634	5,851
Other bank balances	1,539	1,188
Trade Receivables	23,548	19,370
Loans	125	433
Security Deposits	2,398	2,250
b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)		
Investments	30	140
Currency swaps & options and IRS & IRC	571	1,244
Others	-	5
c. Deemed equity measured at fair value		
Investments	463	92

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Financial Liabilities		
a. Measured at amortized cost:		
Borrowings	70,354	1,04,064
Lease Liability	10,244	11,576
Trade payables	35,229	28,330
Other financial Liabilities	8,205	2,583
b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)		
Currency Swaps & IRS	1,288	1,780
c. Mandatorily maintained at fair value through profit or Loss (FVTPL)		
Others	14	2

3.4d Fair value measurements:

i) Financial assets and financial liabilities that are measured at fair value on a recurring basis as at the end of each reporting year:

The fair value of financial instruments as referred to in note above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1 : Quoted Price for identical instruments in an active market
- Level 2 : Directly or indirectly observable market inputs, Other than level 1 inputs and
- Level 3 : Inputs which are not based on observable market data

For assets and liabilities that are measured at fair value as at balance sheet date., the classification of fair value calculation by category is summarized below

As at March 31 2021 (₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Asset at fair value				
Investments measured at				
i) fair value through OCI	-	-	30	**30**
ii) fair value through P&L	-	463	-	**463**
Derivative Instruments measured at				
i) fair value through OCI	-	571	-	**571**
ii) fair value through P&L	-	-	-	**-**
Liabilities at fair value				
Derivative Instruments measured at				
i) fair value through OCI	-	1,288	-	**1,288**
ii) fair value through P&L	-	14	-	**14**

As at March 31 2020 (₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Asset at fair value				
Investments measured at				
i) fair value through OCI	-	-	140	140
ii) fair value through P&L	-	92	-	92
Derivative Instruments measured at				
i) fair value through OCI	-	1,249	-	1,249
ii) fair value through P&L	-	-	-	-
Liabilities at fair value				
Derivative Instruments measured at				
i) fair value through OCI	-	1,780	-	1,780
ii) fair value through P&L	-	2	-	2

Calculation of Fair Values:

The fair values of the financial assets and liabilities are defined as 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. Methods and assumptions used to estimate the fair values are consistent with those used.

Financial assets and liabilities measured at fair value as at Balance Sheet date:

- The fair values of investment in quoted investment in equity shares is based on the current bid price of respective investment as at the Balance Sheet date.
- The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

3.5 Related party disclosure

a) List of parties where control exists

Subsidiaries

Craftsman Europe B.V

Craftsman Automation Singapore Pte Limited

b) Other related parties

Joint Ventures

Carl Stahl Craftsman Enterprises Private Limited

Company with common directors

MC Craftsman Machinery Private Limited

Key Management Personnel

Mr. SRINIVASAN RAVI, Chairman and Managing Director

Mr. RAVI GAUTHAMRAM, Whole Time Director

Mr. CHANDRASHEKAR BHIDE, Independent Director

Mr. CHANDRAMOHAN NATARAJAN, Director (till July 10 2020)

Mr. SUNDARARAMAN KALYANARAMAN, Independent Director

Mr. UDAI DHAWAN, Nominee Director

Mr. KALLAKURICHI KANNIAH BALU, Independent Director (till May 23 2020)

Mrs. VIJAYA SAMPATH, Independent Director

Mr. C.B. CHANDRASEKAR, Chief Financial Officer

Mr. THIYAGARAJ DAMODHARASWAMY, Chief Operating Officer

Mr. SHAINSHAD ADUVANNI, Company Secretary

c) Related Party Transactions – Summary:

(₹ in Lakhs)

Transactions during the year ended	Subsidiaries		Joint Ventures		Common director company		Key Management Personnel	
	Mar-21	Mar-20	Mar-21	Mar-20	Mar-21	Mar-20	Mar-21	Mar-20
Purchase of Goods & Services	40	169	113	151	68	111	-	-
Sale of Goods and Services#	373	756	1,676	1,977	-	-	-	-
Sales commission expenses#	-	-	-	15	-	-	-	-
Reimbursement of Expenditure to	75	102	-	-	-	-	-	-
Reimbursement of Expenditure from	-	-	4	-	3	-	-	-
Unwinding effect of deemed equity	314	56	-	-	-	-	-	-
Dividend payments	-	-	-	-	-	-	-	266
Remuneration to key management personnel	-	-	-	-	-	-	584	687
Commission	-	-	-	-	-	-	844	86
Sitting fee	-	-	-	-	-	-	21	23
Interest Income#	-	-	-	-	-	-	-	-
Loans Recovered	268	30	-	-	-	-	-	-
Conversion of loan into equity	-	2,555	-	-	-	-	-	-
Rental income	-	-	2	2	26	28	-	-

(₹ in Lakhs)

Balances as at the end of	Subsidiaries		Joint Ventures		Common director company		Key Management Personnel	
	Mar-21	Mar-20	Mar-21	Mar-20	Mar-21	Mar-20	Mar-21	Mar-20
Trade Receivables	63	266	164	574	-	-	-	-
Trade Payables	223	182	2	3	25	26	-	-
Loans- Receivables*	125	433	-	-	-	-	-	-
Interest Receivables*	3	4	-	-	-	-	-	-
Remuneration payables	-	-	-	-	-	-	9	2
Rent advance received	-	-	-	-	2	2	-	-

d) Significant Related party transactions:

(₹ in Lakhs)

Particulars	Year Ended March 31 2021	Year Ended March 31 2020
Purchase of Goods & Services		
Carl Stahl Craftsman Enterprises Private Limited	113	151
Craftsman Automation Singapore Pte Limited	-	81
Craftsman Europe BV- Netherlands	40	88
MC Craftsman Machinery Private Limited	68	111
Sales of Goods and Services		
Carl Stahl Craftsman Enterprises Private Limited	1,676	1,977
Craftsman Europe BV- Netherlands	373	756
MC Craftsman Machinery Private Limited#	-	-
Sales Commission paid		
Carl Stahl Craftsman Enterprises Private Limited#	-	15
Reimbursement of Expenditure to		
Craftsman Automation Singapore Pte Limited	-	-
Craftsman Europe BV- Netherlands	75	102
Reimbursement of Expenditure from		
Carl Stahl Craftsman Enterprises Private Limited	4	-
MC Craftsman Machinery Private Limited	3	-
Unwinding effect of deemed equity		
Craftsman Europe BV- Netherlands	314	56
Dividend payments		
Executive Directors	-	266
Remuneration to key management personnel		
Executive Directors	435	508
Chief Financial Officer	72	99
Chief Operating Officer	61	65
Company Secretary	17	15
Commission		
Executive Directors	814	66
Non-Executive Directors	30	21
Sitting Fee		
Non-Executive Directors	21	23
Loans Recovered		
Craftsman Europe BV- Netherlands	268	20
Craftsman Automation Singapore Pte Limited	-	10
Conversion of loan into equity		
Craftsman Europe BV- Netherlands	-	2,207
Craftsman Automation Singapore Pte Limited	-	348
Interest Income		
Craftsman Automation Singapore Pte Limited#	-	-
Rent Income		
Carl Stahl Craftsman Enterprises Private Limited	2	2
MC Craftsman Machinery Private Limited	26	28

e) Balances of Related Parties

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Trade Receivables		
Carl Stahl Craftsman Enterprises Private Limited	164	574
Craftsman Europe BV- Netherlands	63	266
MC Craftsman Machinery Private Limited	-	-
Trade payables		
Carl Stahl Craftsman Enterprises private Limited	2	3
Craftsman Automation Singapore Pte Limited	-	-
Craftsman Europe BV- Netherlands	223	182
MC Craftsman Machinery Private Limited	25	26
Loans-Receivable		
Craftsman Europe BV- Netherlands	125	433
Craftsman Automation Singapore Pte Limited*#	-	-
Interest Receivable		
Craftsman Automation Singapore Pte Limited*	3	3
Rent Advance received		
MC Craftsman Machinery Private Limited	2	2
Remuneration Payable		
Mr. S Ravi	9	2

f) Details of advances in the nature of loans

(₹ in Lakhs)

Name of the Company	Status	Year Ended March 31 2021			Year Ended March 31 2020		
		Outstanding Amount	Maximum loan outstanding	Investment in shares of the company	Outstanding Amount	Maximum loan outstanding	Investment in shares of the company
Craftsman Europe B.V	Subsidiary	125	433	2,264	433	2,087	2,264
Craftsman Automation Singapore Pte Limited	Subsidiary						
- Loan Receivable*#		-	-	379	-	346	379
- Interest Receivable*		3			3		

g) Disclosure as required under section 186(4) of the Companies Act, 2013

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020	Purpose
Loan Outstanding			
Craftsman Europe B.V	125	433	Funding for operations
Craftsman Automation Singapore Pte Limited#	-	-	Funding for operations
Investments			
Craftsman Europe B.V	2,264	2,264	
Craftsman Automation Singapore Pte Limited	379	379	
Deemed Equity-Craftsman Europe B.V	463	92	

*Provisions of ₹ 379 Lakhs & ₹ 3 Lakhs have been carried as on March 31 2021 (₹ 379 Lakhs & ₹ 3 Lakhs as on March 31 2020) against investment in and loan & interest receivable from Craftsman Automation Singapore Pte Limited, a wholly owned subsidiary.

amount is below rounding off norms adopted by the Company

3.6 Contingent Liabilities and Contingent assets

a) Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

(₹ in Lakhs)

Contingent Liabilities	As at March 31 2021	As at March 31 2020
a. Claims against the company not acknowledged as debt		
Excise	7	7
VAT	55	55
Service tax	67	67
GST	36	20
Income tax	1,821	1,768
Stamp duty	56	56
b. Sales Bills discounted	-	56

Commitments

Commitment on Capital Account not provided as on March 31 2021: ₹ 10,260 Lakhs; March 30 2020: ₹ 3,049 Lakhs.

3.7 Non-Current Borrowings:

(₹ in Lakhs)

	As at March 31 2021			Particulars of Repayment		As at March 31 2020		
	Non-Current	Current Maturity	Total	Installments	Amount/Inst	Non-Current	Current Maturity	Total
ECB-3	-	-	-	Quarterly	USD 2.39/20	539	718	1,257
ECB-4	534	304	838	Quarterly	USD 0.63/8 , 0.93/8, 1.57/8	864	313	1,177
ECB-10	-	-	-	Quarterly	USD 3.00/ 20	1,130	904	2,034
ECB-11	2,046	1,168	3,214	Quarterly	USD 4.00/ 20	3,313	1,203	4,516
ECB-12	994	978	1,972	Quarterly	INR 0.5/ 2, 1.0/ 4. 2.18/ 15, 2.3/ 1	2,032	1,006	3,039
ECB-13	16,789	2,494	19,283	Half-yearly	USD 11.54/ 13	20,745	1,696	22,441
ECB-14	3,098	543	3,641	Quarterly	USD 2.50/ 20	-	-	-
FCTL-1	392	260	652	Quarterly	EUR 0.76 / 16	632	252	883
FCTL-2	657	-	657	Quarterly	EUR 1.28 / 15	1,060	424	1,484
FCNRB-2	-	1,022	1,022	Quarterly	USD 3.33/ 15	1,053	1390	2,443
TL -1	3,701	-	3,701	Quarterly	INR 208.33/ 24	7,171	-	7,171
TL-4	375	249	624	Quarterly	INR 41.87/ 24	766	208	975
TL-7	-	-	-	Monthly	INR 25.00/ 60	1,362	737	2,099
TL-8	297	-	297	Quarterly	INR 160.00 / 20	894	594	1,489
TL-11	-	-	-	Monthly	INR 100.00 / 72	3,295	1236	4,531
TL-12	-	-	-	Quarterly	INR 100.00 / 25	1,499	375	1,874
TL-13	1,862	938	2,800	Quarterly	INR 66.87 / 20	2,595	761	3,356
TL-14	2,493	992	3,485	Quarterly	INR 250.00 / 20	3,485	989	4,474
TL-15	892	-	892	Quarterly	INR 250.00 / 16	1,484	-	1,484
TL-16	-	-	-	Monthly	INR 102.89/ 48	3,552	-	3,552
TL-17	-	-	-	Monthly	INR 41.67 / 60	1,893	-	1,893
TL-18	5,611	1,871	7,482	Quarterly	INR 156.25/ 48	7,463	2	7,465
TL-19	3,982	-	3,982	Quarterly	INR 250.00 / 16	-	-	-
Total	**43,719**	**10,821**	**54,540**			**66,828**	**12,809**	**79,637**

The balances mentioned above are at amortized cost. Refer note 1.20

All term loans, both Rupee and Foreign Currency are secured by first pari passu charge on fixed assets of the company. Also, a second pari passu charge on current assets of the company are created for all term loans except for loan from Kotak Mahindra Bank. In addition to the above, the loans are guaranteed by personal guarantees of the Chairman and Managing Director.

3.8 Lease arrangements

3.8a Company as lessee

Following are the changes in the carrying value of right of use assets for the year ended March 31 2021:

(₹ in Lakhs)

Particulars	Machinery	Land & Buildings	Total
Balance as at April 01 2020	1,307	9,540	10,847
Additions	-	573	573
Amortization/ expense	(496)	(1,680)	(2,176)
Deletion	-	(901)	(901)
Balance as of March 31 2021	**811**	**7,532**	**8,343**

(₹ in Lakhs)

Particulars	Machinery	Land & Buildings	Total
Balance as at April 01 2019	1,615	8,748	10,363
Additions	199	2,641	2,840
Amortization/ expense	(507)	(1,686)	(2,193)
Deletion	-	(163)	(163)
Balance as of March 31 2020	**1,307**	**9,540**	**10,847**

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities: (₹ in Lakhs)

Particulars	March 31 2021	March 31 2020
Current lease liabilities	1,941	1,779
Non-current lease liabilities	8,303	9,797
Total	**10,244**	**11,576**

The following is the movement in lease liabilities during the year:

Particulars	Amount in ₹ Lakhs
Balance as at April 01 2020	11,576
Additions	573
Finance cost accrued during the year	1,077
Deletion	(901)
Payment of lease liabilities	(2,081)
Balance as of March 31 2021	**10,244**

Particulars	Amount in ₹ Lakhs
Balance as at April 01 2019	10,553
Additions	2,839
Finance cost accrued during the year	1,060
Deletion	(163)
Payment of lease liabilities	(2,713)
Balance as of March 31 2020	**11,576**

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Less than one year	2,887	2,887
One to five years	7,010	8,132
More than five years	4,347	5,592
Total	**14,244**	**16,611**

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹ 80 Lakhs for the year ended March 31 2021. (March 31 2020: ₹ 129 Lakhs)

Total cash outflow for leases including short-term was ₹ 2,161 Lakhs for the year ended March 31 2021. (March 31 2020: ₹ 2,843 Lakhs).

Note: The Company has elected not to assess any reduction in lease payments during the year ended March 31 2021 as lease modification in accordance with MCA notification G.S.R. 463E dated July 24 2020 on Ind AS 116 'Leases'.

3.8 b Company as lessor

Company has provided a portion of its building on operating lease to MC Craftsman Machinery Private Ltd & Carl Stahl Craftsman Enterprises Private Limited for a period of 3 years.

(₹ in Lakhs)

Non-Cancellable Operating lease commitment	As at March 31 2021	As at March 31 2020
Not later than 1 year	19	29
Later than 1 year but not later than 5 years	2	20
Later than 5 years	-	-

3.9 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
The principal amount due to Micro and Small Suppliers under this Act	1,841	2,076
Interest accrued and due to suppliers on the above amount	8	65
Interest paid to suppliers under this act (Section 16)	Nil	Nil
Interest due and payable for the delay (for payment during the year beyond due date)	Nil	Nil
Payment made to suppliers (other than interest) beyond the appointed date, during the year	Nil	Nil
Interest accrued and remaining unpaid at the end of year to suppliers under this Act	8	65
Interest due and payable to suppliers under this Act for payment already made	Nil	Nil

The information has been given in respect of Vendors to the extent they could be identified as "Micro and Small Enterprises" on the basis of information available with the company.

3.10 Exceptional Item:

In June 2018, the Company had filed its Draft Red Herring Prospectus with Securities & Exchange Board of India (SEBI) for a proposed Initial Public Offering (IPO) of its equity shares. The Company was obligated to go for IPO as an exit option for the PE investors as per the shareholder's agreement. In this relation, the Company had incurred ₹ 577 Lakhs towards non-recurring IPO related expenses. The proposed IPO had envisaged fresh issue of equity shares by the Company and offer for sale by certain existing shareholders. As the SEBI approval expired in August, 2019 and the market conditions were not conducive for listing, the same was not pursued. Hence, the entire expense was charged off to the Statement of Profit and Loss as "exceptional item" in FY 2019-20.

3.11 CSR Expenditure:

(₹ in Lakhs)

Particulars	Year Ended March 31 2021	Year Ended March 31 2020
(a) Gross amount required to be spent by the company during the year as per section 135 of the Companies Act, 2013 read with Schedule VII	154	134
(b) Amount spent during the year	52	89
(c) Amount transferred to CSR on-going projects subsequently	102	

(₹ in Lakhs)

Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction / acquisition of any asset	10	102	112
(ii) On purposes other than (i) above	42	-	42

3.12 Segment Reporting:

a. Segment disclosure

(₹ in Lakhs)

Segment Revenue	Year Ended March 31 2021	Year ended March 31 2020
Automotive- Powertrain & Others	81,127	70,929
Automotive- Aluminium Products	32,975	25,769
Industrial & Engineering	40,527	51,640
Total Revenue as per Statement of Profit and Loss	**1,54,629**	**1,48,338**

(₹ in Lakhs)

Segment Profit or Loss	Year Ended March 31 2021	Year ended March 31 2020
Automotive- Powertrain & Others	22,064	15,080
Automotive- Aluminium Products	253	895
Industrial & Engineering	7,535	9,395
Total Segments	**29,852**	**25,370**
Less: Unallocable Expenditure	(5,690)	(5,493)
Add: Other Income	1,322	915
Earnings Before Interest, Exceptional Item & Tax	**25,484**	**20,792**
Less: Finance Cost	(10,728)	(14,860)
Profit before exceptional item & Tax	**14,756**	**5,932**
Less: Exceptional item	-	(577)
Profit before tax	**14,756**	**5,355**

(₹ in Lakhs)

Segment Assets	As at March 31 2021	As at March 31 2020
Automotive- Powertrain & Others	98,036	94,313
Automotive- Aluminium Products	55,765	47,895
Industrial & Engineering	60,227	60,871
Total Segments	**2,14,028**	**2,03,079**
Unallocable Assets	22,129	28,921
Total Assets as per Balance Sheet	**2,36,157**	**2,32,000**

(₹ in Lakhs)

Segment Liabilities	As at March 31 2021	As at March 31 2020
Automotive- Powertrain & Others	52,017	60,601
Automotive- Aluminium Products	29,689	31,705
Industrial & Engineering	27,760	39,939
Total Segments	**1,09,466**	**1,32,245**
Unallocable Liabilities	28,846	26,585
Total Liabilities as per Balance Sheet	**1,38,312**	**1,58,830**

(₹ in Lakhs)

Geographical Information	Year Ended March 31 2021	Year ended March 31 2020
Revenue from operations		
India	1,39,206	1,31,277
Outside India	15,423	17,061
Total Revenue	**1,54,629**	**1,48,338**

All non-current assets of the Company are located in India

b. Disclosure about major customers

Revenue from customers individually contributing more than 10% of total revenue of the Company across all the segments, amounts to ₹ 48,505 Lakhs (₹ 38,056 Lakhs for the year ended March 31 2020) of the total revenue of the Company across all the segments.

3.13 Certain comparative figures have been reclassified to conform to the current year presentation.

For **SHARP & TANNAN**
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Shainshad Aduvanni
Company Secretary M.No.A27895

C. B. Chandrasekar
Chief Financial Officer

Place : Chennai
Date : May 05 2021

Place : Coimbatore
Date : May 05 2021

INDEPENDENT AUDITORS' REPORT

To the members of Craftsman Automation Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Craftsman Automation Limited (hereinafter referred to as the "Company" / "Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and a joint venture which include Group's share of profit in joint venture, which comprise the Consolidated Balance Sheet as at March 31 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year ended on that date 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 the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint venture as at 31 March 2021, the consolidated profit and consolidated total comprehensive income, its consolidated cash flows and consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report.

We are independent of the Group and joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to Note B.3 of the accompanying consolidated financial statements, wherein the Group and joint venture has described its impact assessment due to the COVID-19 pandemic. As stated in the said note, eventual outcome of the impact of the global health pandemic may be different from those estimated as on date of the approval of consolidated financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No	Key audit matter description and principal audit procedures
1	**Accounting for derivative contracts** Refer Notes B.8, B.12, 1.8, 1.16, 1.21, 1.26, 2.2, 2.8 and 3.6 in consolidated financial statements A significant source of Company's funds is borrowings, denominated in Indian rupee and foreign currency with a combination of fixed and floating interest rates. The Company's cost of borrowing will be impacted by fluctuations in foreign exchange rates and movement in interest rates. The Company's mitigation plan for risk of foreign currency fluctuation and interest rate fluctuation includes using derivative instruments as per its risk management policy. These hedges taken using derivative instruments are designated as either cashflow or fair value hedge. Estimating future cash flows is a significant factor in determining the mark to market gain or loss, accounting of such forward contracts and in the determination of its fair value. Significant judgement is applied in making these estimates by the expert used by the management. As at 31 March 2021, the carrying value of the Company's derivatives included derivative assets amounting to ₹ 571 Lakhs and derivative liabilities of ₹ 1,303 Lakhs. Accounting for derivative contracts is considered as a key audit matter because of the significant judgement and estimates used in the fair valuation and the complex compliance framework for determining the accounting & disclosure of these transactions in accordance with Ind AS 109 'Financial Instruments' – Accounting (including recognition and derecognition of financial assets or liabilities). These class of transactions are material with respect to the financial statements.
	Our procedures related to audit of accounting for derivative contracts include the following • understanding and evaluating the design, implementation and operating effectiveness of internal controls over the completeness, existence and valuation of derivative instruments and management's documentation of the hedge effectiveness, accounting of derivative and hedging transactions; • examining the derivative contracts; • testing qualifying criteria for hedge accounting in accordance with Ind AS 109, including: o understanding the risk management objectives and strategies for different types of hedge instruments; o evaluating that the relationship between the underlying liability and the hedge instrument; o using an expert for auditing the valuation and reviewing the hedge effectiveness test carried out by management as per Ind AS 109, including the economic relationship between the hedged item and the hedging instrument; • evaluating competence and capabilities of the auditor's experts and ensuring independence; • involving the auditor's expert for testing the appropriateness of hedge accounting to qualified hedge relationships i.e., cash flow or fair value hedges; • testing on sample basis the valuation of derivative instruments by management expert; • for selected samples, checking the confirmations from counterparties to the derivative contracts for the valuation as at the year-end; • checking the presentation and disclosures in the financial statements for compliance with Ind AS 109.
2	**Accounting for Property, Plant and Equipment** Refer Notes B.4, B.6, 1.1, 1.2 and 2.6 in consolidated financial statements Property, plant and equipment including capital work in progress ('PPE') represents 62% of the Group's total assets. The capitalisation of PPE includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable costs of bringing the asset to working condition for its intended use (inclusive of non-refundable purchase taxes and duties). Depreciation is generally charged as per Schedule II to Companies Act, 2013. In respect of certain classes of PPE, the useful life has been ascertained based on technical review by a Chartered Engineer and assessment by the management. The Company carries out physical verification of PPE as per their policy on an annual basis. The Company uses estimates and assumptions to determine the useful life of assets, residual value, assess impairment loss (if any). The useful life of property, plant and equipment is determined by the technical team of the management taking into consideration the industry practice, the application and usage factors and past historical trend. The residual value at the end of the useful life of property, plant and equipment is estimated in determining the depreciable value of the asset. Impairment assessment of property, plant and equipment involves identification of Cash Generating Unit (CGU) using judgement and estimating future cash flows arising of out of such CGUs.

S. No	Key audit matter description and principal audit procedures
	Due to the material value to total assets and estimates/judgements involved in their valuation, the audit of accounting of Property, Plant and Equipment has been considered as a Key Audit Matter in the audit of these financial statements
	Our procedures relating to audit of accounting for Property, Plant and Equipment includes the following: • evaluating of design and implementation of controls and testing the operating effectiveness of the internal controls over: o measurement of initial recognition costs including costs of self-constructed PPE; o valuation of PPE and review of useful lives including depreciation rates applied; o periodic physical verification of property, plant and equipment by the management; • testing on sample basis the value of self-constructed assets with underlying documentation to assess compliance with applicable accounting standards; • wherever the useful life of a PPE considered is different from the useful life indicated in the Act, obtain confirmation from management's technical team for the useful life for the same; • reviewing the residual value of PPE considered by the management for consistency and appropriateness; • understanding the basis behind identification of Cash Generating Units by the management and review the future cash flow projections for the same; • checking the computation and correctness of the discounting factor applied for arriving at value in use and impairment thereof, if any; • checking the reasonableness of the assumptions made by the management in identifying CGUs, assessing the future cash flows, discount factor and impairment loss; • physically inspecting a sample of assets at one of the main units of the Company during the year to ensure existence of PPE; • reviewing the physical verification reports of the management and the treatment of discrepancies in the books of accounts / Fixed Asset Register, wherever applicable.

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Board of Directors of the Holding Company is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report and Annexures to Board's Report including the report on Corporate Governance, but does not include the consolidated financial statements and our 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 the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

The Board of Directors of the Holding Company is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated cash flows and consolidated changes in equity of the Group and the joint venture in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, and its joint venture and for preventing and detecting frauds and other irregularities; the 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 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 Board of 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 and of its joint venture are responsible for assessing the ability of the Group and of its joint venture 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.

The respective Board of Directors of the companies included in the Group and its joint venture is responsible for overseeing the financial reporting process of the Group and its joint venture.

Auditor's Responsibility 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 financial controls over financial reporting 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 have adequate internal financial controls over financial reporting system in place with reference to the financial statements 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 the management of the Holding Company.
- 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, and its joint venture 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, its associates and joint venture 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 and its joint venture 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 the Holding Company 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 the 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.

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

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

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

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

Other matters

a. The consolidated financial statements include the Group's share of profit after tax of ₹ 17 Lakhs and total comprehensive income (net loss) of ₹ 0.2 Lakhs for the year ended 31 March 2021, in respect of a joint venture, whose financial statements have not been audited by us. The financial information of the joint venture has been audited by other auditor whose report has been furnished to us by the Holding Company's management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the joint venture, is based solely on the report of such other auditor.

b. The consolidated financial statements include the financial statements of subsidiaries, Craftsman Automation Singapore Pte. Ltd., which is in the process of voluntary winding up and Craftsman Europe B.V., whose financial statements reflect total assets of ₹ 2,121 Lakhs and net assets of ₹ 1,790 Lakhs as at 31 March 2021, total revenues of ₹ 1,819 Lakhs, net loss after tax of ₹ 0.53 Lakh, total comprehensive income of ₹ 55 Lakhs and net cash inflows amounting to ₹ 375 Lakhs for the year ended on that date, have not been audited by us. These financial statements of the subsidiaries are unaudited and has been furnished to us by the Holding Company's management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on such unaudited financial statements certified by the Holding Company's management. In our opinion and according to the information and explanations given to us by the Holding Company's management, financial statements of the subsidiaries are not material to the Group.

c. The comparative consolidated financial information of the Group and its joint venture presented in the consolidated financial statements are for the year ended 31 March 2020 which was audited by the predecessor auditor who had issued unmodified audit report dated 7 May 2020.

Our opinion above on the consolidated financial statements are not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit 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 of the aforesaid consolidated financial statements;

(b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

(c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant 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 Ind AS specified under section 133 of the Act and 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 31 March 2021 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act;

(f) with respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on our report of the Holding Company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting for those Companies for reasons stated therein

(g) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of 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 Auditor's) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. the Group, as detailed in Note 3.8 to the consolidated financial statements, has disclosed the impact of pending litigations on its consolidated financial position of the Group;

ii. the Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. there were no amounts due which were required to be transferred to the Investor Education and Protection Fund by the Holding Company or the joint venture.

for **SHARP & TANNAN**
Chartered Accountants
(Firm's Registration No. 003792S)

V. Viswanathan
Partner
Membership No. 215565
UDIN: 21215565AAAACA8212

Place: Chennai
Date: 05 May 2021

Annexure A to the Independent Auditor's Report

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

Independent Auditors' Report on the Internal Financial Controls over financial reporting under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Craftsman Automation Limited ("the Holding Company") as of 31 March 2021 in conjunction with our audit of the consolidated financial statements of the Holding Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company is 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 ("the Guidance Note") 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 Holding 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 Act.

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 Holding Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated 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 consolidated financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31 March 2021, 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.

for **SHARP & TANNAN**
Chartered Accountants
(Firm's Registration No. 003792S)

V. Viswanathan
Partner
Membership No. 215565
UDIN: 21215565AAAACA8212

Place: Chennai
Date: 05 May 2021

CONSOLIDATED BALANCE SHEET

as at March 31 2021

(₹ in Lakhs)

Particulars	Note No.	As at March 31 2021	As at March 31 2020
ASSETS			
Non-current assets			
Property, Plant and Equipment	1.1	1,42,028	1,42,670
Capital Work in progress	1.2	3,198	8,882
Other Intangible assets	1.3	678	1,062
Right-of-use Asset	1.4	8,343	10,847
Investments accounted for using equity method	1.5	195	180
Financial assets			
Investments	1.6	30	140
Security Deposits	1.7	2,040	2,193
Other Financial assets	1.8	146	1,057
Current tax assets (Net)	1.9	-	110
Other non-current assets	1.10	1,201	931
		1,57,859	**1,68,072**
Current assets			
Inventories	1.11	40,564	32,561
Financial assets			
Trade receivables	1.12	23,895	19,432
Cash and cash equivalents	1.13	3,127	5,976
Other bank balances	1.14	1,539	1,188
Security Deposits	1.15	362	69
Other Financial assets	1.16	425	192
Other Current assets	1.17	7,419	3,238
		77,331	**62,656**
Total Assets		**2,35,190**	**2,30,728**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share capital	1.18	1,056	1,006
Other Equity	1.19	95,887	71,153
		96,943	**72,159**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	1.20	43,719	66,828
Other Non-Current Financial Liabilities	1.21	9,207	10,836
Provisions	1.22	21	68
Deferred tax liabilities (Net)	1.23	6,838	3,855
		59,785	**81,587**
Current liabilities			
Financial Liabilities			
Borrowings	1.24	15,814	24,427
Trade payables			
(a) total outstanding dues of micro enterprises & small enterprises	1.25	1,841	2,076
(b) total outstanding dues of creditors other than micro enterprises & small enterprises		33,375	26,102
Other current Financial Liabilities	1.26	21,365	17,920
Current tax liabilities (Net)	1.27	67	-
Other current liabilities	1.28	5,647	6,274
Provisions	1.29	353	183
		78,462	**76,982**
Total Equity and Liabilities		**2,35,190**	**2,30,728**

The accompanying notes form an integral part of the Consolidated financial statements

This is the Balance Sheet referred to in our report of even date
For SHARP & TANNAN
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Shainshad Aduvanni
Company Secretary M.No.A27895

C. B. Chandrasekar
Chief Financial Officer

Place : Chennai
Date : May 05 2021

Place : Coimbatore
Date : May 05 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31 2021

(₹ in Lakhs)

Particulars	Note No.	Year ended March 31 2021	Year ended March 31 2020
INCOME			
Revenue From Operations	2.1	1,55,995	1,49,246
Other Income	2.2	1,008	859
Total Income		**1,57,003**	**1,50,105**
EXPENSES			
Cost of materials consumed	2.3	67,275	57,171
Changes in inventories of finished goods and work-in-progress	2.4	(622)	1,507
Employee benefits expense	2.5	14,462	15,529
Depreciation, amortization and impairment expense	2.6	19,245	19,640
Other expenses	2.7	31,056	35,242
Finance costs	2.8	10,728	14,860
Total expenses		**1,42,144**	**1,43,949**
Profit before share of profit from JV & exceptional items		**14,859**	**6,156**
Share of profit from JV		17	(2)
Profit before exceptional items		**14,876**	**6,154**
Exceptional items (refer note.3.12)		-	(577)
Profit before tax		**14,876**	**5,577**
Tax expense:			
(1) Current tax for the year		5,432	1,537
Current tax pertaining to earlier years		(43)	3
Less:MAT Credit Entitlement for the year	3.3	-	-
MAT Credit Entitlement pertaining to earlier years		-	144
Net Current Tax		5,389	1,684
(2) Deferred tax		(249)	(108)
Profit for the year		**9,736**	**4,001**
Other Comprehensive Income ('OCI')			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		(249)	413
- Equity Instruments through OCI		(110)	(116)
- Share of OCI of Joint Venture accounted for using equity method		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		87	(144)
B (i) Items that will be reclassified to profit or loss			
- Exchange differences in translating the financial statements of foreign operations		49	48
- The effective portion of gains or loss on hedging instruments in a cash flow hedge		1,088	(212)
(ii) Income tax relating to items that will be reclassified to profit or loss		(380)	74
Other Comprehensive Income for the year, net of tax		**485**	**63**
Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)		**10,221**	**4,064**
Earnings per equity share Basic & Diluted (Face value of ₹ 5/-)			
- for continuing operations		48.32	19.88
- for discontinued operations	3.5	-	-
- for continuing & discontinued operations		48.32	19.88
Earnings (before exceptional item) per equity share		48.32	21.75

The accompanying notes form an integral part of the Consolidated financial statements

This is the Statement of Profit and Loss referred to in our report of even date
For SHARP & TANNAN
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Shainshad Aduvanni
Company Secretary M.No.A27895

C. B. Chandrasekar
Chief Financial Officer

Place : Chennai
Date : May 05 2021

Place : Coimbatore
Date : May 05 2021

CONSOLIDATED CASHFLOW STATEMENT

for the year ended March 31 2021

(₹ in Lakhs)

Particulars	Year ended March 31 2021	Year ended March 31 2020
Cash flows from operating activities		
Profit before taxation ('PBT')	**14,876**	**5,577**
Adjustments to reconcile PBT to net cash flows:		
Depreciation, amortization and impairment expense	19,245	19,640
Gain on sale of assets	(59)	(3)
Exchange difference on transaction/translation (loss/(gain))	(1,065)	340
Share of Profit of Joint Venture	(17)	2
MTM (Gain) / Loss- Derivative - (Net)	13	33
Provision for :		
Doubtful debts	(13)	154
Warranty & Rejection	(25)	10
Slow moving inventory	175	81
Interest income (including fair value changes in financial instruments)	(210)	(216)
Government grant income	(2,369)	(2,844)
Liabilities no longer required written back	(17)	(62)
Assets no longer receivable written off (including exceptional item)	195	697
Interest expense (including fair value changes in financial instruments)	11,086	13,979
Operating cash flow before changes in working capital	**41,815**	**37,388**
Adjustments for:		
Increase/ (Decrease) in provisions	(101)	139
Increase/ (Decrease) in other financial liabilities	4,104	(1,296)
Increase/ (Decrease) in other current liabilities	1,025	(755)
Increase/ (Decrease) in Trade Payables and other Payables	7,104	(3,815)
(Increase)/ Decrease in other non-current assets	256	(245)
(Increase)/ Decrease in other financial assets	187	(1,657)
(Increase)/ Decrease in other current assets	(3,746)	1,440
(Increase)/ Decrease in trade and other receivables	(3,955)	1,898
(Increase)/ Decrease in inventories	(8,178)	(312)
Cash generated from operations	**38,511**	**32,785**
Income taxes paid	(2,273)	(2,157)
Net cash from operating activities - A	**36,238**	**30,628**
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,861)	(13,870)
Purchase of Intangible	(67)	(174)
Proceeds from sale of equipment	321	143
Purchase of shares	-	(21)
Interest received	118	127
Net cash used in investing activities - B	**(9,489)**	**(13,795)**

CONSOLIDATED CASHFLOW STATEMENT contd...

for the year ended March 31 2021

(₹ in Lakhs)

Particulars	Year ended March 31 2021	Year ended March 31 2020
Cash flows from financing activities		
Proceeds from issue of shares	14,563	-
Proceeds from long-term borrowings	9,378	14,390
Repayment of long term borrowings	(33,248)	(22,096)
Net proceeds from short-term borrowings	(8,359)	10,945
Principal payments towards lease liability	(1,004)	(1,654)
Interest paid (incl. interest on lease liability)	(10,932)	(13,774)
Dividend Paid	-	(607)
Net cash used in financing activities- C	**(29,602)**	**(12,796)**
Net increase/ (decrease) in cash and cash equivalents - (A+B+C)	**(2,853)**	**4,037**
Cash and cash equivalents at beginning of year	5,976	1,931
Effect of exchange rate changes on cash and cash equivalents	4	8
Cash and cash equivalents at end of year	**3,127**	**5,976**
Note:		
1. Reconciliation of Cash & Cash equivalents as per Cash Flow Statement		
Cash & cash equivalents consists of:	**As at March 31 2021**	**As at March 31 2020**
Cash and cash equivalents (note : 1.13)	3,127	5,976
Total	**3,127**	**5,976**
2. Refer to note: 1.20 for Net Debt Reconciliation		

The accompanying notes form an integral part of the Consolidated financial statements

This is the Statement of Cash Flows referred to in our report of even date
For SHARP & TANNAN
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Shainshad Aduvanni
Company Secretary M.No.A27895

C. B. Chandrasekar
Chief Financial Officer

Place : Chennai
Date : May 05 2021

Place : Coimbatore
Date : May 05 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31 2021

(₹ in Lakhs)

a. Equity Share Capital	Balance at the beginning of April 01 2020	Changes in equity share capital during the year	Balance as at March 31 2021
	1,006	50	1,056

b. Other Equity	Reserves and Surplus				Other Reserves			Total
	Securities Premium Reserve	General Reserve	Retained Earnings	Share in Networth of Joint Venture	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Foreign Currency Translation Reserve	
Balance as at April 01 2019	**13,795**	**9,662**	**45,639**	**121**	**(95)**	**(1,523)**	**97**	**67,696**
Profit for the year	-	-	4,003	(2)	-	-	-	4,001
Other Comprehensive Income	-	-	-	-	(116)	(138)	48	(206)
- Defined Benefit Plan	-	-	269	-	-	-	-	269
Total Comprehensive Income for the year	**-**	**-**	**4,272**	**(2)**	**(116)**	**(138)**	**48**	**4,064**
Dividends	-	-	(607)	-	-	-	-	(607)
Balance as at March 31 2020	**13,795**	**9,662**	**49,304**	**119**	**(211)**	**(1,661)**	**145**	**71,153**
Profit for the year	-	-	9,719	17	-	-	-	9,736
Other Comprehensive Income	-	-	-	-	(110)	708	49	647
- Defined Benefit Plan	-	-	(162)	-	-	-	-	(162)
Total Comprehensive Income for the year	**-**	**-**	**9,557**	**17**	**(110)**	**708**	**49**	**10,221**
Issues of shares	14,513	-	-	-	-	-	-	14,513
Dividends	-	-	-	-	-	-	-	-
Balance as at March 31 2021	**28,308**	**9,662**	**58,861**	**136**	**(321)**	**(953)**	**194**	**95,887**

The accompanying notes form an integral part of the Consolidated financial statements

This is the Statement of Changes in Equity referred to in our report of even date
For SHARP & TANNAN
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Shainshad Aduvanni
Company Secretary M.No.A27895

C. B. Chandrasekar
Chief Financial Officer

Place : Chennai
Date : May 05 2021

Place : Coimbatore
Date : May 05 2021

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS:

A. CORPORATE INFORMATION

The Consolidated Financial Statements comprise of Financial Statements of Craftsman Automation Limited (the Company), its subsidiaries and its joint venture (collectively "the Group") for the year ended March 31 2021. Craftsman Automation Private Limited was incorporated under the Companies Act, 1956 on July 18 1986. The shareholders of the Company approved the conversion into a public limited company at the meeting held on April 30 2018 and the Registrar of Companies, Coimbatore issued a fresh Certificate of Incorporation dated May 04 2018. The company is engaged in the business of manufacturing engineering components, sub-assemblies, products and rendering of contract manufacturing services to various industries.

SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Section 133 of the Companies Act, 2013 (Act) read with the Companies (Indian Accounting Standards) Rules 2015. The presentation of the Financial Statements is based on Schedule III of the Companies Act,2013.

B1. BASIS OF PREPARATION

The items included in Consolidated Financial Statements of each of the Group entities are measured using the currency of the primary economic environment (functional currency) in which each of the Group's entity operates. The consolidated financial statements are presented in Indian ₹ (INR) which is the functional and presentation currency of the Company and all values are rounded to the nearest lakhs, except where otherwise indicated. In the Group's Consolidated Financial Statements, all assets, liabilities and transactions of Group entities with a functional currency other than the INR are translated into INR upon consolidation.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

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

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

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liability which have been measured at fair value

i) Derivative financial instruments

ii) Certain financial assets and liability measured at fair value (refer note. 3.6)

iii) Defined Benefit Obligation.

The Consolidated Financial Statements have been prepared on accrual and going concern basis. All assets and liabilities are presented as Current or Non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III of the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation, the Group has ascertained its operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities.

Critical Accounting judgement and key sources of estimation uncertainty

The accounting policies which have the most significant effect on the figures disclosed in the financial statements are mentioned below and these should be read in conjunction with the disclosure of the significant Ind AS accounting policies provided below:

i. Useful life of Property, Plant and Equipment and Intangibles

The assessment of the useful life of each asset by considering the historical experience and expectations regarding future operations and expected usage, estimated technical obsolescence, residual value, physical wear and tear and the operating environment in which the asset is located needs significant judgement by the management. In case of intangibles the useful life is determined based on the period over which future economic benefit will flow to the Group.

ii. Tools in use

The assessment of useful life of tools in use has been done considering the historical experience and estimated refurbishment cycle and operating environment.

iii. Income Taxes

The calculation of income taxes requires judgement in interpreting tax rules and regulations. Management judgement is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognised.

iv. Fair Value

Certain financial instruments, such as investments in equity securities, derivative financial instruments and certain elements of borrowings, are carried in the financial statements at fair value, with changes in fair value reflected in the Statements of Profit & Loss. Fair values are estimated by reference to published price quotations or by using other valuation techniques that may include inputs that are not based on observable market data, such as discounted cash flows analysis.

v. Measurement of defined benefit obligations

Gratuity actuarial valuation considers various assumptions which are based on the past experience and general economic conditions.

vi. Measurement and likelihood of occurrence of provisions and contingencies

The provision for warranty and rejection have been done based on past experiences, product lifecycle maturity, reprocessing/repair cost.

vii. Recognition of deferred tax asset

The Group estimates the possible utilisation of unabsorbed losses while recognising deferred tax asset considering the future business plans and economic environment.

B.2 PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements relate to Craftsman Automation Limited, its subsidiaries, joint venture and associates. Subsidiaries are all entities over which the Company exercises control. The Company exercises control if and only if it has the following:

- power over the entity.
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect the amount of its returns.

The Consolidated Financial Statements have been prepared on the following basis:

- The Financial Statements of the Group have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profits, unrealised losses from intra-group transactions are eliminated unless cost cannot be recovered.
- The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.
- An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in associates and joint ventures are accounted for using the equity method.
- Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition.
- The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.
- The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner, as the Company's separate Financial Statements.

B.3 Estimation of uncertainties relating to the global health pandemic from COVID-19

The Covid-19 pandemic has impacted the businesses around the world, including India. There has been severe disruption to the regular operations of the company in the first quarter of FY 2020-21 due to Government imposed emergency restrictions and lockdown.

The Group has assessed the impact on liquidity position and carrying amounts of inventories, trade receivables, investments, property, plant and equipment and other financial assets. Our assessment based on estimates and judgements, available from internal and external sources of information including economic forecasts does not indicate any material impact on the carrying value of assets and liabilities as on the reporting date.

The Group will continue to monitor the future economic conditions and assess its impact on the financial statements. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on date of the approval of the consolidated financial statements.

B.4 PROPERTY PLANT AND EQUIPMENT

Recognition and Measurement

All Property Plant & Equipment (PPE) barring land as at transition date are stated at cost of acquisition / installation as adjusted for import duty waivers and foreign exchange losses / gains less accumulated depreciation and impairment losses.

Cost of acquisition / installation includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable costs of bringing the asset to working condition for its intended use (inclusive of non-refundable purchase taxes and duties).

The Company capitalises the import duty waived in respect of capital equipment imported under the Export Promotion Capital Goods Scheme

Foreign exchange gain /loss arising on foreign currency denominated borrowing which are not hedged that were incurred to acquire PPE are recorded as part of the cost of asset as per Ind AS 101 Para D13AA and Ind AS 21 Para 7AA and depreciated over their remaining useful life. In respect of exchange gain or loss arising from foreign currency denominated borrowings which are hedged accounting has been done based on Hedge effectiveness either as derivative or cash flow hedge as per Ind AS 109.

The cost of a self-constructed asset is determined using the same principles as for an acquired asset. If Company makes similar assets for sale in the normal course of business, the cost of the asset is usually the same as the cost of constructing an asset for sale. Any internal profits are eliminated in arriving at such costs. Similarly, the cost of abnormal amounts of wasted material, labour, or other resources incurred in self-constructing an asset is not included in the cost of the asset. Borrowing Costs is covered by Ind AS 23 criteria for the recognition of interest as a component of the carrying amount of a self-constructed item of property, plant and equipment.

Subsequent expenditure relating to an item of PPE is capitalised if it meets the recognition criteria

The import duty waived on capital assets which are purchased under the Export Promotion Capital Goods (EPCG) schemes and which are capitalised are recorded as deferred revenue and recognised in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

The Company in respect of all PPE barring land elected to continue with the carrying value of the relevant PPE as recognised in the financial statements as at transition date to Ind-AS measured as per the previous GAAP duly adjusting for the import duty waiver and used that as the deemed cost as at transition date pursuant to exemption under Ind –AS 101. The Company elected to fair value the land as at transition date and use that fair value as the deemed cost.

Depreciation on Plant Property and Equipment

The depreciable amount of PPE (being the gross carrying value less the estimated residual value) is depreciated on a systematic basis over its useful life.

In respect of certain classes of PPE, the Group uses different useful life other than those prescribed in Schedule II to the Act. The useful life of such class of PPE has been ascertained based on technical review by a Chartered Engineer and assessment by the Management as detailed in the following table

Classes of PPE	Useful life and basis of depreciation
New Plant and Machinery	20 Years
Used Plant and Machinery	10 Years
Tool holder, jigs, fixtures, patterns, dies, moulds and instruments and gauges	5 Years
Lease hold improvements	Over lease period

De-recognition:

An item of PPE is de-recognised at the time of its disposal or when it is assessed that no future economic benefit would accrue from it. The gain/ loss arising out of such disposal/retirement is taken to Statement of profit and loss.

B.5 INTANGIBLE ASSETS

An intangible asset is an identifiable non-monetary asset without physical substance.

An intangible asset with finite useful life that are acquired separately and where the useful life is 2years or more is capitalised and carried at cost less accumulated amortization. Amortization is recognised on a straight line basis over the useful life of the asset. The class of asset and the estimated useful life is as follows

Description of the asset	Useful life and basis of amortization
Software – Acquired	5 Years
Technical Know - Acquired	2.5 years

Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it, the ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit and loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Description of the asset	Useful life and basis of amortization
Development Expenditure	3 years

De-recognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in Statement of profit and loss when the asset is derecognised.

B.6 IMPAIRMENT OF ASSETS

At the end of each reporting period, the Group determines whether there is any indication that its assets (tangible, intangible assets and investments in equity instruments carried at cost) have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. Recoverable amount is higher of the fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

B.7 LEASES

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group's lease asset classes primarily consist of leases for Machineries and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through-out the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates of the entity. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the entity changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

B.8 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit and loss.

Classification of financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

After initial recognition:

i) Financial assets (other than investments and derivative instruments) are subsequently measured at amortized cost using the effective interest method.

   Effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

ii) Financial assets (i.e. derivative instruments and investments in instruments other than equity of joint ventures) are subsequently measured at fair value.

   Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in other comprehensive income.

Investments in equity instruments other than joint venture

The Group has valued the investments in equity instruments other than joint ventures at fair value through Other Comprehensive Income. Fair value of quoted instrument has been valued at market rate and in case of unquoted instrument it has been valued at book value of that Company based on Level 2 input.

In respect of investment in equity share capital of group captive power companies which are made to comply with the provisions of Electricity Rules 2003, these investments are carried at cost as these investments can be sold back only at par.

Cash and cash equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Trade receivables

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortized cost net of any expected credit losses. Loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e., expected cash shortfall.

Impairment of financial assets:

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Group applies the expected credit loss model for recognising impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Group expects to receive).

De-recognition of financial assets:

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

The Group has applied the de-recognition requirements of financial assets prospectively for transactions occurring on or after April 01 2015 (the transition date).

Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortized cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalised as a part of cost of an asset is included in the "Finance Costs".

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

The Group has applied the de-recognition requirements of financial liabilities prospectively for transactions occurring on or after April 01 2015 (the transition date).

Derivative financial instruments:

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps. Further details of derivative financial instruments are disclosed in Note 3.6.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit and loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting:

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk as cash flow hedges. Hedges of foreign exchange risk on firm commitments are also accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 3.6b sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit and loss, and is included in the "Other Income".

Amounts previously recognised in other comprehensive income and accumulated in equity (relating to effective portion as described above) are reclassified to Statement of profit and loss in the periods when the hedged item affects profit or loss, in the same head as the hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit and loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit and loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

B.9 INVENTORIES

The Group determines the cost for items that are not interchangeable or that have been segregated for specific contracts on an individual-item basis as per Ind AS 2, 'Inventories'. The cost of other inventory items used is assigned by using weighted average cost formula.

The Group uses the same cost formula for all inventories of similar nature and use. The cost formula used is applied on a consistent basis from period to period.

Inventories are initially recognised at the lower of cost and net realisable value (NRV). Cost of inventories includes import duties, non-refundable taxes, transport and handling costs and any other directly attributable costs, less trade discounts, rebates and similar items. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses.

i) Raw materials, components, stores and spares of inventory are measured at weighted average cost. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Work in progress and finished goods are valued at cost or Net Realisable Value whichever is lower. Cost includes direct materials, labor and a portion of manufacturing overheads. Saleable scrap is valued at the lowest of the net realisable value in the last two months.

ii) Tools are valued at cost till they are issued for usage in production process. In respect of issued tools which can be refurbished, the group depending upon its useful life amortizes on a straight line basis over its useful life. Useful life determined for certain classes of tools is 2- 3 years. Tools which are not refurbish-able are charged off to Statement of profit and loss upon issue from stores to usage. The "tools in use" are carried at Cost less accumulated amortization.

B.10 PROVISIONS

The Group recognises a provision when there is a present obligation to transfer economic benefits as a result of past events, it is probable (more likely than not) that such a transfer will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is certain that reimbursements will be received and the amount of the receivable can be measured reliably.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

A contingent liability is

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

Provision for Warranty

Provisions for expected cost of warranty obligations are recognised based on Management's best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences.

Provision for Rejection

Provision for rejection on sales is recognised once the products are sold. Materials are rejected due to various reasons and are either re processed or replaced to the customers depending on the type of rejections. These rejections get fulfilled within a period of 3 months and the provisions represent the value of management's best estimate of possible rejections within the next one quarter.

B.11 REVENUE RECOGNITION

Sale of Goods & Rendering of Services

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the individual delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as sales tax or other taxes directly linked to sales.

Revenue from rendering of services is recognised over time as and when the customer receives the benefit of the Company's performance and the Company has an enforceable right to payment for services transferred. Unbilled revenue represents value of services performed in accordance with the contract terms but not billed.

Other Operating revenues

Other operating revenues comprise income from ancillary activities incidental to the operations of the Group and are recognised when the right to receive the income is established as per the terms of the contract.

Dividend and Interest Income

Dividend income from investments is recognised when the Group's right to receive payment has been established (provided that 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 (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

B.12 BORROWING COST

Since the Group does not have any qualifying assets, capitalisation of borrowing cost is not applicable to the Group. All borrowing costs are recognised in Statement of profit and loss in the period in which they are incurred.

B.13 GOVERNMENT GRANT

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit and loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Import duty waivers for capital assets purchased under Export Promotion Capital Goods (EPCG) schemes are recorded as deferred revenue and recognised in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

B.14 EMPLOYEE BENEFITS

Defined contribution plans

Provident fund (PF)

Contribution towards PF is determined under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and charged to the Statement of Profit and Loss during the period of incurrence when the services are rendered by the employees.

The Union Ministry of Labour issued draft rules under section 67 of the Code on Wages Act on July 07 2020 in the Gazette and the Act is yet to be effective

The three labour codes, the Occupational Health, Safety and Working Conditions Code 2020, the Industrial Relations Code 2020 and the Code on Social Security 2020 have been passed by the parliament and have also received the assent of the President of India on September 28 2020. However, the date on which these Codes will come into effect has not been notified. The Company will assess the impact of these Codes and will record any related impact in the period these Codes become effective.

Defined benefit plans

Gratuity

Accounting for defined benefit plans is based on actuarial assumptions and different valuation methods to measure the balance sheet obligation and the expense.

Where defined benefit plans are funded, the plan assets are measured at fair value. At each balance sheet date, the plan assets and the defined benefit obligations are remeasured. The Statement of Profit & Loss reflects the change in the surplus or deficit, except for contributions made to the plan and benefits paid by the plan, along with business combinations and Re-measurement gains and losses.

Re-measurement gains and losses comprise actuarial gains and losses, return on plan assets (comprise amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability or asset). Re-measurements are recognised in other comprehensive income.

The defined benefit costs are comprised of the following individual components:

- Service costs (including current and past service costs as well as gains/losses on curtailments and settlements)
- Net interest costs or income
- Re-measurement

The Group presents the first two components of defined benefit costs in profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprises actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

Voluntary Retirement Scheme

A liability for termination benefits like expenditure on Voluntary Retirement Scheme is recognised at the earlier of when the Group can no longer withdraw the offer of termination benefit or when the Group recognises any related restructuring costs.

Short-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Compensated leave absences:

Compensated leave absences are encashed by employees at year end and no carry forward of leave is permitted as per the leave policy. All leave remaining to be encashed at period end are fully provided.

B.15 FOREIGN CURRENCY TRANSACTIONS

The Group's foreign operations are an integral part of the Company's activities. In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit and loss in the period in which they arise except for:

- Exchange differences on translation or settlement of long term foreign currency monetary items in respect of loans borrowed, which are not hedged, before April 01 2016 at rates different from those at which they were initially recorded or reported in the previous financial statements, insofar as it relates to acquisition of depreciable assets, are adjusted to the cost of the assets and depreciated over remaining useful life of such assets. Where the borrowal is after April 01 2016, such exchange difference is recognised in Statement of Profit and loss. In other cases, where it has been hedged the same has been restated and adjusted against cash flow hedge of the respective derivative instruments.
- Exchange difference on translation of derivative instruments designated as cash flow hedge (see Note B.8 for hedging accounting policies).

B.16 FOREIGN OPERATIONS

In the Group's Consolidated Financial Statements, all assets, liabilities and transactions of the Group entities with a functional currency other than the INR are translated into INR upon consolidation. The functional currency of Craftsman Europe BV is EURO and the functional currency of Craftsman Automation Singapore Pte Limited is Singapore Dollar (S$).

On consolidation, assets and liabilities have been translated into INR at the closing rate at the reporting date. Income and expenses have been translated into INR at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are re-classified to Statement of Profit and Loss and are recognised as part of the gain or loss on disposal.

B.17 INCOME TAXES

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current Tax

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefit, in the form of adjustment to future tax liability, is considered as an asset in the Balance Sheet. The carrying amount of MAT is reviewed at each reporting date and the asset would be written down to the extent the Group's right of adjustment would lapse.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

B.18 SEGMENT REPORTING

The Chief Operating Decision Maker (CODM) evaluates the Group's performance and allocates resources based on an analysis of various performance indicators of the reportable segments. The Group's reportable segments have been identified based on end consumption of the products sold or services rendered. The reportable segments are as follows:

Automotive- Powertrain & Others : This segment develops, manufactures, sells its goods and services of powertrain & other products to manufacturers of commercial / passenger vehicles, farm equipment, construction and mining equipment.

Automotive- Aluminium Products : This segment develops, manufactures, sells its goods and services consisting of aluminium automotive products to the manufacturers of two wheelers, passenger vehicles and commercial vehicles.

Industrial & Engineering : This segment develops, manufactures, sells its goods and services such as castings, gears, material handling equipment, railway products, special purpose machines, other general engineering products (together broadly termed as "High End Sub-assembly, Contract Manufacturing & Others") and storage products to various end user industries.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment and as well as those which can be allocated on a reasonable basis. Operating segments are reported in a manner consistent with the internal reporting to the CODM of the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31 2021

1.1 PROPERTY, PLANT & EQUIPMENT

(₹ in Lakhs)

Asset Category	Freehold land	Building *	Plant & Machinery	Office Equipment	Furniture & Fixtures	Vehicles	Property, Plant & Equipment Total
Gross Block							
At April 01 2019	**7,664**	**17,648**	**1,67,846**	**1,621**	**361**	**122**	**1,95,262**
Additions	-	643	11,135	126	162	-	12,066
Disposals	-	-	503	1	1	7	512
Translation reserve	-	-	1	-	-	-	1
At March 31 2020	**7,664**	**18,291**	**1,78,479**	**1,746**	**522**	**115**	**2,06,817**
Additions	-	1,178	14,733	42	12	-	15,965
Disposals	-	132	515	1	-	5	653
Translation reserve	-	-	-	1	-	-	1
At March 31 2021	**7,664**	**19,337**	**1,92,697**	**1,788**	**534**	**110**	**2,22,130**
Depreciation							
At April 01 2019	**-**	**2,678**	**43,687**	**1,022**	**141**	**87**	**47,615**
Additions	-	921	15,691	225	50	14	16,901
Disposals	-	-	363	1	1	7	372
Translation reserve	-	-	1	2	-	-	3
At March 31 2020	**-**	**3,599**	**59,016**	**1,248**	**190**	**94**	**64,147**
Additions	-	1,033	15,074	177	52	8	16,344
Disposals	-	132	254	1	-	5	392
Translation reserve	-	-	2	1	-	-	3
At March 31 2021	**-**	**4,500**	**73,838**	**1,425**	**242**	**97**	**80,102**
At April 01 2019	**7,664**	**14,970**	**1,24,159**	**599**	**220**	**35**	**1,47,647**
At March 31 2020	**7,664**	**14,692**	**1,19,463**	**498**	**332**	**21**	**1,42,670**
At March 31 2021	**7,664**	**14,837**	**1,18,859**	**363**	**292**	**13**	**1,42,028**

* Includes WDV of improvements on leasehold buildings worth ₹ 655 Lakhs as on March 31 2021 (WDV of ₹ 926 Lakhs as on March 31 2020)

1.2 CAPITAL WORK IN PROGRESS

(₹ in Lakhs)

Asset Category	TANGIBLE - CWIP	INTANGIBLE - CWIP	Total Capital Work in Progress
Gross Block			
At April 01 2019	**9,061**	**-**	**9,061**
Additions	5,529	-	5,529
Disposals	5,708	-	5,708
Translation reserve	-	-	
At March 31 2020	**8,882**	**-**	**8,882**
Additions	2,023	-	2,023
Disposals	7,433	-	7,433
Translation reserve	-	-	
At March 31 2021	**3,472**	**-**	**3,472**
Impairment of CWIP			
At April 01 2019	-	-	-
Additions	-	-	-
Disposals	-	-	-
Translation reserve	**-**	**-**	**-**
At March 31 2020	-	-	-
Additions	274	-	274
Disposals	-	-	-
Translation reserve	-	-	-
At March 31 2021	**274**	**-**	**274**
At April 01 2019	9,061	-	9,061
At March 31 2020	8,882	-	8,882
At March 31 2021	**3,198**	**-**	**3,198**

1.3 OTHER INTANGIBLE ASSETS

(₹ in Lakhs)

Asset Category	Computer Software	Product Development	Technical know-how	Intangible Assets Total
Gross Block				
At April 01 2019	**1,867**	**635**	**430**	**2,932**
Additions	174	-	-	174
Disposals	-	-	-	-
Translation reserve	-	-	-	-
At March 31 2020	**2,041**	**635**	**430**	**3,106**
Additions	67	-	-	67
Disposals	-	-	-	-
Translation reserve	-	-	-	-
At March 31 2021	**2,108**	**635**	**430**	**3,173**
Depreciation				
At April 01 2019	**897**	**544**	**57**	**1,498**
Additions	283	91	172	546
Disposals	-	-	-	-
Translation reserve	-	-	-	-
At March 31 2020	**1,180**	**635**	**229**	**2,044**
Additions	279	-	172	451
Disposals	-	-	-	-
Translation reserve	-	-	-	-
At March 31 2021	**1,459**	**635**	**401**	**2,495**
At April 01 2019	970	91	373	1,434
At March 31 2020	861	-	201	1,062
At March 31 2021	**649**	**-**	**29**	**678**

Note:

1. Additions to PPE & CWIP include exchange gain or loss aggregating to ₹ 53 Lakhs for the year 2020-21 (₹ 175 Lakhs for the year 2019-20) capitalised under Plant & Machinery
2. All term loans both Rupee and Foreign Currency are secured by first pari passu charge on fixed assets of the company. Refer Note no. 3.9
3. Management has decided not to fair value freehold land

NOTE No. 1.4

RIGHT-OF-USE ASSETS

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Opening	10,847	10,363
Additions	573	2,840
Depreciation expense	(2,176)	(2,193)
Deletions	(901)	(163)
Closing	**8,343**	10,847

Refer note: B.7 & 3.10a for detailed disclosures

FINANCIAL ASSETS
NOTE No. 1.5
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Investment in Equity of Joint Venture		
Carlstahl Craftsman Enterprises Private Ltd (30% stake)		
600,000 equity shares of ₹ 10 each fully paid up	60	60
Recognition of opening value of investment in Joint venture	119	121
Share of current year profits in Joint Venture	16	(1)
	195	**180**

NOTE No. 1.6
NON CURRENT INVESTMENTS

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Investment in Equity instruments (at Fair Value through OCI)		
Unquoted		
MC Craftsman Machinery Private Ltd (10% stake)	-	-
2,10,000 equity shares of ₹ 100 each fully paid up		
iEnergy wind farm (Theni) Private Ltd #	-	-
4550 equity shares of ₹ 10 each fully paid up		
TAGMA Centre of Excellence and Training	5	5
15 equity shares of ₹ 10 each fully paid up		
Bhatia Coke & Energy Limited	-	110
34,810 equity shares of ₹ 10 each fully paid up		
(cost ₹ 10,999,960)		
Hurricane Windfarms Pvt Limited (26% stake)*	4	4
39,000 equity shares of ₹ 10 each fully paid up		
Watsun Infrabuild Private Limited	21	21
209,252 equity shares of ₹ 10 each fully paid up		
Total	**30**	**140**

*Note: The company holds 26% equity stake in Hurricane Windfarms Pvt Ltd. As the shareholders agreement entered into with the promoters of Hurricane Windfarms Pvt Ltd contains restrictive covenants, the company cannot exercise "Significant influence" in terms of Ind AS 28 and therefore is not classified under "Investments in Associates" and accordingly is not considered as a component for consolidated financial statements

amount is below rounding off norms adopted by the Company

Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	30	140
Aggregate amount of impairment in value of investments	-	-

NOTE No. 1.7
SECURITY DEPOSITS

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Rent Deposit	1,019	1,017
Other Deposits	1,021	1,176
Total	**2,040**	**2,193**

NOTE No. 1.8
OTHER NON-CURRENT FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Currency swap & Interest Rate Swap ('IRS') Derivative	146	1,057

NOTE No. 1.9
CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Advance payment of income tax less provisions	-	110

NOTE No. 1.10
OTHER NON CURRENT ASSETS
Unsecured, considered good unless otherwise stated

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Gratuity - excess value of plan assets over obligation	-	255
Capital Advances	1,229	704
Less: Provision for doubtful advances to supplier	(28)	(28)
Total	**1,201**	**931**

NOTE No. 1.11
INVENTORIES

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Raw Materials, Components and Consumables	17,183	12,239
Work-in-progress	7,614	8,626
Finished goods	2,771	1,137
Consumable Stores	3,731	3,827
Tools in use	1,960	2,025
Machinery Spares	6,684	4,304
Packing Materials	349	248
Stock in transit	272	155
Total	**40,564**	**32,561**
Inventory valued at NRV	575	240
Amount written down to arrive at NRV*	128	87

* These were recognised as an expense during the year and included in changes in value of inventories of WIP in Statement of Profit and Loss

Provision for slow moving inventory made in the current year is ₹ 175 Lakhs (previous year is ₹ 81 Lakhs)

NOTE No. 1.12
TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Considered good - Secured	-	-
Considered good - Unsecured	23,895	19,432
Significant increase in Credit Risk	607	619
Credit impaired	184	184
Less: Provision for doubtful debts	(791)	(803)
Total	**23,895**	**19,432**

Receivables from related parties - refer note 3.7

Movement in Provision for doubtful debt is as follows (including under ECL model):

(₹ in Lakhs)

	Opening	Allowance made during the year	Write off during the year	Closing
March 31 2021	803	187	(199)	791
March 31 2020	648	165	(10)	803

NOTE No. 1.13
CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
a. Balances with banks	3,125	5,965
b. Cash on hand	2	11
Total	**3,127**	**5,976**

NOTE No. 1.14
OTHER BANK BALANCES

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Margin money against LC	1,145	739
Margin money against Guarantee	6	1
Other Deposits	388	448
Total	**1,539**	**1,188**

NOTE No. 1.15
SECURITY DEPOSIT-CURRENT

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Security Deposits -Current	362	69

NOTE No. 1.16
OTHER CURRENT FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Currency swap, IRS & Forward cover derivative	425	192
Total	**425**	**192**

NOTE No. 1.17
OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
(Unsecured, considered good unless otherwise stated)		
Balances with Government Authorities	832	1,038
Advance to Suppliers (Other than Capital Goods)	5,117	681
Prepaid Expenses	1,097	1,225
Advance to Employees	34	39
Contract assets - Unbilled Revenue	170	13
Others	169	242
Total	**7,419**	**3,238**

NOTE No. 1.18
EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at March 31 2021		As at March 31 2020	
	Nos.	Amount	Nos.	Amount
Authorised				
Equity Shares of ₹ 5 each	4,00,00,000	2,000	4,00,00,000	2,000
Issued, called, subscribed & Paid Up				
Equity Shares of ₹ 5 each	2,11,28,311	1,056	2,01,21,600	1,006
Total	**2,11,28,311**	**1,056**	**2,01,21,600**	**1,006**

The movement of equity shares is as below

(₹ in Lakhs)

Particulars	As at March 31 2021		As at March 31 2020	
	Nos.	Amount	Nos.	Amount
Shares outstanding at the beginning of the year	2,01,21,600	1,006	2,01,21,600	1,006
Additions due to issue of shares	10,06,711	50	-	-
Shares outstanding at the end of the year	**2,11,28,311**	**1,056**	**2,01,21,600**	**1,006**

Rights, Preferences and Restrictions to equity shares

The company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the shareholders will be entitled to receive the remaining assets of the company, in proportion to their shareholding.

Details of equity shareholders holding more than 5% shares in the company

Name of the equity shareholder	As at March 31 2021		As at March 31 2020	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
S Ravi	**1,05,00,000**	**49.70%**	1,06,30,640	52.83%
S Murali	**21,26,260**	**10.06%**	21,26,260	10.57%
Marina III (Singapore) Pte Limited	**11,56,808**	**5.48%**	31,18,500	15.50%
International Finance Corporation-USA			28,28,100	14.06%
K Gomatheswaran			14,17,500	7.04%
Total	**1,37,83,068**	**65.23%**	**2,01,21,000**	**99.99%**

For the period of five years immediately preceding the balance sheet date

i) Details of number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash

- The company has not allotted any shares pursuant to contracts without payment being received in cash

ii) Details of number and class of shares allotted as fully paid up by way of bonus shares:

- Based on the approval by the shareholders in the Extra ordinary General Meeting held on December 11 2017, the Company had allotted 431,177 number of fully paid Bonus shares on December 21 2017 in the ratio of three equity shares of ₹ 100 each fully paid up for every four existing equity shares of ₹ 100 each fully paid up.

iii) Details of number and class of shares bought back:

- The company has not bought back any shares during the period of 5 years immediately preceding the balance sheet date

Sub-division of shares:

The shareholders of the company at the Extra ordinary General Meeting held on April 30 2018 approved the subdivision of equity shares of ₹100/- each into equity shares having a face value of ₹ 5/- each. Consequently the total number of equity shareholding has changed to 20,121,600 equity shares of face value ₹ 5/- each from that date.

Initial Public Offering of shares:

The equity shares of the Company have been listed on BSE Limited and National Stock Exchange of India Limited on March 25 2021 upon successful completion of the Initial Public Offer ('IPO' or 'the Public Offer'). The IPO involved (a) Fresh Issue of 10,06,711 equity shares and (b) Offer for Sale of 45,21,450 equity shares of face value of ₹ 5 each at an offer price of ₹ 1,490 per share.

NOTE No. 1.19

OTHER EQUITY

(₹ in Lakhs)

Particulars	Note	As at March 31 2021	As at March 31 2020
Reserves & Surplus			
Securities Premium	A & F	28,308	13,795
General Reserves	B	9,662	9,662
Retained Earnings	C	58,861	49,304
Total Reserves & Surplus		**96,831**	**72,761**
Cash Flow Hedging Reserve	D	(953)	(1,661)
Equity instruments through Other Comprehensive Income		(321)	(211)
Foreign currency translation reserve		194	145
Share of Networth in JV		136	119
Total		**95,887**	**71,153**

Additions and Deductions since the last balance sheet date:

(i) Securities Premium Account

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Opening balance	13,795	13,795
Premium on fresh issue of shares	14,950	-
Issue expenses adjusted	(437)	-
Closing balance	**28,308**	**13,795**

(ii) Retained Earnings

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Opening balance	49,304	45,639
Profit for the year	9,719	4,003
Items of other comprehensive income recognised directly in retained earnings:		
- Remeasurements of defined benefit obligation (net of tax)	(162)	269
Dividend (including dividend distribution tax)	-	(607)
Closing balance	**58,861**	**49,304**

(iii) Cash Flow Hedging Reserve

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Opening balance	(1,661)	(1,523)
Changes in fair value of hedging instruments	1,088	(212)
Deferred Tax	(380)	74
Closing Balance	**(953)**	**(1,661)**

(iv) Equity instruments through Other Comprehensive Income

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Opening balance	(211)	(95)
Changes in fair value of FVOCI equity instruments	(110)	(116)
Closing Balance	**(321)**	**(211)**

(v) Foreign currency translation reserve

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Opening balance	145	97
Exchange differences in translating the financial statements of foreign operations	49	48
Closing Balance	**194**	**145**

(vi) Share of Networth in JV

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Opening balance	119	121
Share of current year profits in Joint Venture	17	(2)
Share of other comprehensive income in Joint Venture	-	-
Closing Balance	**136**	**119**

Refer "Statement of Changes in Equity" for additions/deletions in each of these items

A. Securities Premium represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act 2013 for specified purposes.

B. General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend pay-out, bonus issue, etc.

C. Retained Earnings includes ₹ 5,542 Lakhs of revaluation reserve created due to Land revaluation on transition date to Ind AS (April 01 2015), which will not be available for distribution of profits

D. Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated in this reserve are reclassified to profit or loss only when the hedged transaction affects the profit or loss.

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

F. The expenses incurred in relation to IPO upto end of the financial year ended March 31 2021 amounting to ₹ 2,403 Lakhs (inclusive of taxes) are proportionately allocated between the selling shareholders and the Company as per respective offer size. The Company's share of these expenses amounting to ₹ 437 Lakhs has been adjusted against securities premium to the extent they are determinable with certainty. The balance amount, if any, would be adjusted in the subsequent accounting period when they are expected to crystallise.

NOTE No. 1.20

LONG TERM BORROWINGS

(₹ in Lakhs)

Particulars	As at March 31 2021		As at March 31 2020	
	Non-Current	Current *	Non-Current	Current *
Secured				
From Banks				
Rupee Term Loans	11,528	4,051	24,736	4,903
Foreign Currency Term Loans	24,509	6,770	31,369	7,906
	36,037	**10,821**	**56,105**	**12,809**
From NBFC				
Rupee Term Loans	7,682	-	10,723	-
Total	**43,719**	**10,821**	**66,828**	**12,809**

Notes:

1. The above long term borrowings are carried at amortised cost.

(₹ in Lakhs)

Particulars	March 31 2021	March 31 2020
Loans at amortised cost as at the end of the year	54,540	79,638
Add : Unamortised upfront fee paid as at the end of year	236	414
Gross loan outstanding as at the end of the year	**54,776**	**80,052**

2. Refer note no 3.9 for security and terms of borrowings.

* Taken to other current financial liabilities (Note 1.26)

Net Debt Reconciliation:

For the year ended 31 March 2021

(₹ in Lakhs)

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	Non-Current Borrowing plus current maturity of long term debt*	Lease Liability	Total
Balance as at April 01 2020	5,976	(539)	(24,488)	(80,350)	(11,576)	(1,10,977)
Acquisition of RoU asset	-	-	-	-	(573)	(573)
Pre-closure of leases	-	-	-	-	901	901
Cash Flows	(2,853)	-	8,359	23,870	1,004	30,380
Fair Value changes	-	(193)	-	-	-	(193)
Foreign exchange adjustments	4	-	254	1,444	-	1,702
Interest expense & other charges	-	-	(2,117)	(7,222)	(1,077)	(10,415)
Interest & charges paid	-	-	2,171	7,106	1,077	10,354
Balance as at March 31 2021	**3,127**	**(732)**	**(15,821)**	**(55,152)**	**(10,244)**	**(78,822)**

For the year ended 31 March 2020

(₹ in Lakhs)

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	Non-Current Borrowing plus current maturity of long term debt*	Lease Liability	Total
Balance as at April 01 2019	1,931	(1,303)	(13,547)	(85,841)	-	(98,761)
Acquisition of RoU asset	-	-	-	-	(13,393)	(13,393)
Pre-closure of leases	-	-	-	-	163	163
Cash Flows	4,037	-	(10,926)	7,706	1,654	2,471
Fair Value changes	-	764	-	-	-	764
Foreign exchange adjustments	8	-	-	(2,307)	-	(2,029)
Interest expense & other charges	-	-	(3,822)	(8,570)	(1,060)	(13,452)
Interest & charges paid	-	-	3,807	8,392	1,060	13,259
Balance as at March 31 2020	**5,976**	**(539)**	**(24,488)**	**(80,350)**	**(11,576)**	**(1,10,977)**

*Includes the portion of "interest accrued but not due" pertaining to borrowings.

** does not include foreign currency forward contracts that are used for hedging liabilities that are operating cash flows

NOTE No. 1.21

NON-CURRENT FINANCIAL LIABILITIES- OTHERS

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Currency swap & IRS Derivative	902	1,037
Rent Advance	2	2
Lease Liability	8,303	9,797
Total	**9,207**	**10,836**

Notes:

1. Currency swaps are for principal only and are cash flow hedge and hence are carried at fair value through OCI
2. IRS & IRC derivatives that are hedge effective are carried at fair value through OCI & others are carried at fair value through Statement of Profit & Loss
3. Rent advance is carried at amortized cost as it is not material to be fair valued
4. Lease Liability - Please refer Note No B.7 & 3.10

NOTE No. 1.22

LONG TERM PROVISIONS

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Other Provisions		
Provision for Warranty Cost	21	68

Note: Movement in Provision for product warranties is as follows :

(₹ in Lakhs)

Particulars	Opening	Transferred to Short Term	Warranty provided for current year	Closing
As at March 31 2021	68	47	-	21
As at March 31 2020	-	-	68	68

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future obligations. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which ranges from 2 to 5 years

NOTE No. 1.23

DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Deferred Tax Liabilities	16,219	16,764
Deferred Tax Assets	(2,470)	(3,051)
Deferred Tax Liabilities (net)	**13,749**	**13,713**
MAT Credit Entitlement- Unused tax credit	(6,911)	(9,858)
Total	**6,838**	**3,855**

Note :

1. Refer Note No 3.3 for detailed deferred tax working and effective tax rate reconciliation
2. Deferred Tax Assets include ₹ 2,400 Lakhs pertaining to the Company and ₹ 70 Lakhs pertaining to subsidiary Craftsman Europe B.V.

NOTE No. 1.24

SHORT TERM BORROWINGS

(₹ in Lakhs)

Particulars		As at March 31 2021	As at March 31 2020
Secured			
Loans repayable on demand from banks			
Rupee Loans		1,890	24,427
Foreign Currency Loans		13,924	-
Sub-total (A)		**15,814**	**24,427**
Unsecured			
Overdraft		-	-
Sub-total (B)		-	-
Total	**(A + B)**	**15,814**	**24,427**

Short Term Borrowings from banks are secured by
a. first pari passu charge on current assets of the company.
b. second pari passu charge on fixed assets of the company.
In addition to the above, the loans are guaranteed by personal guarantees of the Chairman and Managing Director

NOTE No. 1.25

TRADE PAYABLES

(₹ in Lakhs)

Particulars		As at March 31 2021	As at March 31 2020
Due to Micro and Small Enterprises-(MSE)		1,841	2,076
Sub-total (A)		**1,841**	**2,076**
Due to Other Suppliers		31,883	25,176
Accrued Expenses and others		1,492	926
Sub-total (B)		**33,375**	**26,102**
Total	**(A + B)**	**35,216**	**28,178**

Payables to related parties - refer note 3.7

NOTE No. 1.26

OTHER CURRENT FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Current maturities of long-term debt (refer note 1.20)	10,821	12,809
Current portion - lease liability (refer note 3.10)	1,941	1,779
Interest accrued but not due on borrowings	620	774
Currency swap , IRS & Forward cover derivative	400	745
Creditors for capital goods and services	1,452	464
Employee related liabilities	1,546	1,219
Dues to directors	9	2
Liability towards selling shareholders (from IPO proceeds)	3,081	-
Others	1,495	128
Total	**21,365**	**17,920**

NOTE No. 1.27

CURRENT TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Income tax provisions less advance payment	67	-

NOTE No. 1.28

OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Advance from customers	3,120	2,584
Deferred Revenue- EPCG benefit	1,148	2,800
Statutory Dues	1,379	890
Total	**5,647**	**6,274**

NOTE No. 1.29

SHORT TERM PROVISIONS

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Provision for employee benefits		
Gratuity	148	-
Other Provisions		
Provision for Warranty Cost	111	123
Provision for Rejection	94	60
Total	**353**	**183**

Note:

Movement in Provision for product warranties is as follows :

(₹ in Lakhs)

	Opening	Expired during the year	Warranty provided for current year	Closing
As at March 31 2021	123	123	111	111
As at March 31 2020	97	97	123	123

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future obligations. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which ranges upto one year.

Movement in Provision for rejection is as follows :

(₹ in Lakhs)

	Opening	Expired during the year	Rejection provided for current year	Closing
As at March 31 2021	60	60	94	94
As at March 31 2020	127	127	60	60

This provision is recognised once the products are sold. Materials are rejected due to various reasons and either get re processed and replaced to the customers depending on the type of rejections. These rejections gets fulfilled within a period of 3 months and the provisions represents the present value of management's best estimate of possible rejections within the next one quarter.

NOTE No. 2.1
REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars		March 31 2021	March 31 2020
Sale of products;			
Domestic Sales		90,692	84,754
Export Sales		13,201	13,932
	A.	**1,03,893**	**98,686**
Sale of services;			
Machining Charges		39,058	38,314
Service Charges		299	236
	B.	**39,357**	**38,550**
Other operating revenues;			
Sale of swarf & others		10,376	9,166
Duty Drawback		207	255
EPCG income on fulfilling obligation		1,938	2,249
Export Incentive under MEIS		224	340
	C.	**12,745**	**12,010**
Revenue from operations (A+B+C)		**1,55,995**	**1,49,246**

Refer Note no: 3.14 "Segment Reporting" for breakup of revenue from operations.

NOTE No. 2.2
OTHER INCOME

(₹ in Lakhs)

Particulars	March 31 2021	March 31 2020
Interest Income from deposits measured at amortised cost	118	127
Interest Income due to unwinding of fair valued assets		
-Rent Advance	92	89
Net gain on sale of assets	59	3
Rental income	28	30
Exchange rate Gain/(Loss) on Transaction & Translation	694	491
MTM Gain / (Loss) - Derivative -(Net)	-	17
Unclaimed balances written back	17	62
Others	-	40
Total	**1,008**	**859**

NOTE No. 2.3
COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	March 31 2021	March 31 2020
Cost of goods sold	66,065	55,626
Carriage inward	719	964
Sub Contract Charges	491	581
Total	**67,275**	**57,171**

NOTE No. 2.4
CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS

(₹ in Lakhs)

Particulars	March 31 2021	March 31 2020
Inventory at the end of the year		
Work in Progress	7,614	8,626
Finished Goods	2,771	1,137
Sub total	**10,385**	**9,763**
Inventory at the beginning of the year		
Work in Progress	8,626	10,140
Finished Goods	1,137	1,130
Sub total	**9,763**	**11,270**
(Increase) / decrease in inventory	**(622)**	**1,507**

NOTE No. 2.5
EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	March 31 2021	March 31 2020
Salaries and wages	10,990	12,322
Contributions to PF & ESI	376	473
Contribution to Gratuity fund	156	157
Managerial Remuneration	1,277	645
Staff welfare expenses	1,663	1,932
Total	**14,462**	**15,529**

NOTE No. 2.6
DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSE

(₹ in Lakhs)

Particulars	March 31 2021	March 31 2020
Depreciation on Property, Plant & Equipment	16,150	16,719
Amortization of Intangible Assets (Software & Dev.Exp.)	452	546
Amortization- Right-of-use Asset	2,176	2,193
Write off (including obsolescence)	193	182
Impairment of Capital Work in Progress	274	-
Total	**19,245**	**19,640**

NOTE No. 2.7
OTHER EXPENSES

(₹ in Lakhs)

Particulars		March 31 2021	March 31 2020
Manufacturing Expenses			
Stores, Spares & tool consumed		9,730	10,076
Power & Fuel		8,210	8,509
Repairs & Maintenance			
- Machinery		3,224	5,197
- Building		197	321
- Others		662	1,144
Payment to contractors		2,853	2,215
Other manufacturing expenses		169	282
	A.	**25,045**	**27,744**

(₹ in Lakhs)

Particulars		March 31 2021	March 31 2020
Administrative Expenses			
Professional and Consultancy charges		441	527
Insurance Charges		398	429
Rates & Taxes		196	32
Software Licenses		362	491
General Administrative Expenses		499	575
Printing & Stationary		89	121
Postage & Telegrams		26	37
Rent		124	179
Telephone Expenses		135	241
Travelling Expenses		251	811
Directors' Sitting Fees		21	23
Remuneration to auditors			
Statutory Audit		55	51
Taxation and Certification		21	14
CSR Expenses		154	89
Amounts written off			
Bad debts		199	10
Doubtful advances		(4)	110
Provisions for the year			
Doubtful advances		3	(1)
Warranty		(59)	77
Rejections		34	(67)
Doubtful debts		(13)	154
	B.	**2,932**	**3,903**
Selling expenses			
Packing material consumed		1,105	1,453
Carriage Outward		1,698	1,819
Sales Promotion Expenses		276	323
	C.	**3,079**	**3,595**
Total (A+B+C)		**31,056**	**35,242**

NOTE No. 2.8

FINANCE COSTS

(₹ in Lakhs)

Particulars	March 31 2021	March 31 2020
Interest expenses		
On Short Term Borrowings	2,117	3,822
On Long Term Borrowings at Amortised Cost	7,006	8,399
Other Borrowing costs		
Unwinding of discounted Upfront fee on loans	216	171
Interest unwind - lease liability - Please refer Note 3.10	1,077	1,060
Unwinding of Rent Advance	92	89
Bank charges	578	438
MTM (Gain) / Loss - Derivative -(Net)	13	50
Net (gain)/loss on foreign currency transactions and translation	(371)	831
Total	**10,728**	**14,860**

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS:

3.1 The Subsidiaries and Associates considered in the Consolidated Financial Statements:

Following Subsidiaries are considered in the Consolidated Financial Statements:

S.No	Name of the Subsidiary	Country of Incorporation	% of Ownership	
			March 31 2021	March 31 2020
1	Craftsman Automation Singapore Pte Limited*	Singapore	100%	100%
2	Craftsman Europe BV formerly Craftsman marine B.V	Netherlands	100%	100%

*Note: the Company passed Board Resolution at their meeting held on August 20 2019 to wind up the subsidiary in Singapore. However, the process of winding up could not be immediately initiated due to outbreak of COVID 19 pandemic. The subsidiary has filed for dissolution with regulator on March 12 2021. The subsidiary was non-operational as on March 31 2021.

Following Joint Venture is considered in the Consolidated Financial Statements:

S.No	Name of the Joint Venture	Country of Incorporation	% of Ownership	
			March 31 2021	March 31 2020
1	Carl Stahl Craftsman Enterprises private Limited	India	30%	30%

3.2 Additional Information – Subsidiaries & Joint Ventures:

Additional Information, as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries & Joint Ventures.

Consolidated Net Assets:

(₹ in Lakhs)

Name of the entity	March 31 2021		March 31 2020	
	As a % of consolidated Net Assets	Amount	As a % of consolidated Net Assets	Amount
Parent Company				
Craftsman Automation Limited	100.93%	97,845	101.40%	73,170
Foreign Subsidiaries				
Craftsman Automation Singapore Pte Limited	0.00%	-	0.01%	5
Craftsman Europe BV	1.85%	1,790	1.89%	1,365
Sub Total	102.78%	99,635	103.30%	74,540
Add/Less: Intragroup eliminations / adjustments	-2.78%	(2,692)	-3.30%	(2,381)
Total	**100.00%**	**96,943**	**100.00%**	**72,159**

Consolidated Profit or Loss:

(₹ in Lakhs)

Name of the entity	March 31 2021		March 31 2020	
	As a % of consolidated Profit or Loss	Amount	As a % of consolidated Profit or Loss	Amount
Parent Company				
Craftsman Automation Limited	99.39%	9,677	91.59%	3,665
Foreign Subsidiaries				
Craftsman Automation Singapore Pte Limited	0.00%	-	-0.35%	(14)
Craftsman Europe BV	-0.01%	(1)	9.03%	361
Sub Total	99.38%	9,676	100.27%	4,012
Add/Less: Intragroup eliminations / adjustments	0.62%	60	-0.27%	(11)
Total	**100.00%**	**9,736**	**100.00%**	**4,001**

Consolidated Other Comprehensive Income:

(₹ in Lakhs)

Name of the entity	March 31 2021 As a % of consolidated OCI	Amount	March 31 2020 As a % of consolidated OCI	Amount
Parent Company				
Craftsman Automation Limited	89.98%	436	23.47%	15
Foreign Subsidiaries				
Craftsman Automation Singapore Pte Limited	-1.11%	(5)	-17.75%	(11)
Craftsman Europe BV	11.37%	55	94.35%	60
Sub Total	100.25%	486	99.60%	63
Add/Less: Intragroup eliminations / adjustments	-0.25%	(1)	0.40%	0
Total	**100.00%**	**485**	**100.00%**	**63**

Consolidated Total Comprehensive Income:

(₹ in Lakhs)

Name of the entity	March 31 2021 As a % of consolidated Total Comprehensive Income	Amount	March 31 2020 As a % of consolidated Total Comprehensive Income	Amount
Parent Company				
Craftsman Automation Limited	98.94%	10,113	90.55%	3,680
Foreign Subsidiaries				
Craftsman Automation Singapore Pte Limited	-0.05%	(5)	-0.62%	(25)
Craftsman Europe BV	0.53%	55	10.36%	421
Sub Total	99.42%	10,162	100.29%	4,076
Add/Less: Intragroup eliminations / adjustments	0.58%	59	-0.29%	(12)
Total	**100.00%**	**10,221**	**100.00%**	**4,064**

3.3 Income taxes

Income tax expense for the year reconciled to accounting profit

(₹ in Lakhs)

Particulars		Year Ended March 31 2021	Year Ended March 31 2020
Profit before tax	a	14,876	5,577
Income tax rate	b	34.944%	34.944%
Income tax expenses	a*b	5,198	1,949
Effect of			
i) EPCG Benefit Capitalisation not considered for Income tax purpose		(87)	(786)
ii) Effect of expenses inadmissible for tax		11	700
iii) Effect of other adjustments		-	(94)
iv) Deferred tax assets now recognised		-	(116)
v) Effect of tax free / Lower tax income of overseas subsidiaries		24	(78)
vi) Effect of share of profit form JV		(7)	1
Income tax expenses recognised in Statement of profit & loss		**5,140**	**1,576**

Movement of deferred tax assets/ liabilities

(₹ in Lakhs)

Movement during the year ended March 31 2021	As at March 31 2020	Recognised in P&L	Recognised in OCI	MAT utilisation	As at March 31 2021
Depreciation & Amortization	(15,375)	35	-	-	(15,340)
Provision for doubtful debts	278	(4)	-	-	274
Provisions for loans and advances and others	133	-	-	-	133
Other Temporary Differences	1,251	226	(293)	-	1,184
MAT Credit Entitlement	9,858	-	-	(2,947)	6,911
	(3,855)	**257**	**(293)**	**(2,947)**	**(6,838)**

(₹ in Lakhs)

Movement during the year ended March 31 2020	As at March 31 2019	Recognised in P&L	Recognised in OCI	MAT utilisation	As at March 31 2020
Depreciation & Amortization	(14,529)	(846)	-	-	(15,375)
Provision for doubtful debts	224	54	-	-	278
Provisions for loans and advances and others	133	0	-	-	133
Other Temporary Differences	415	906	(70)	-	1,251
MAT Credit Entitlement	10,002	(144)	-	-	9,858
	(3,755)	**(30)**	**(70)**	**-**	**(3,855)**

3.4 Employee Benefits

Defined Contribution Plan

The employee provident fund is in the nature of Defined contribution plan. The contribution made to the scheme is considered as expense in the statement of Profit and loss when the employee renders the related service. There is no other obligation other than the contribution payable to employee provident fund.

The total expenses recognised in statement of profit and loss of ₹ 307 Lakhs (2019-20: ₹ 357 Lakhs) represents contribution payable to these plans by the Group at rates specified in the rules of the plan.

Defined benefit plans

The group extends defined benefit plan in the form of gratuity to employees. The group makes annual contribution to gratuity fund administered by trustees and managed by SBI Life Insurance Company Ltd. The Group's liability is determined based on actuarial valuation done at the year end as per projected unit credit method. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service subject to the maximum of ₹ 20 Lakhs. Vesting occurs upon completion of five years of service.

These plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
Liquidity Risk	Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the group there can be strain on the cash flows.
Market Risk	Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative Risk	Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognised immediately in the year when any such amendment is effective.

The principal assumptions used for the purposes of the actuarial valuations were as follows

Particulars	As at Mar 31, 2021	As at March 31 2020
Discount rate	7.02%	6.54%
Expected rate of salary increase	5.00%	3.00%
Attrition rate	5.00%	10.00%

The estimate of future salary increase (which has been set in consultation with the group), take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

Particulars	Year ended March 31 2021 ₹ In Lakhs	Year ended March 31 2020 ₹ In Lakhs
Current Service Cost	174	147
Net interest expense/ (income)	(18)	10
Component of defined benefit cost recognised in P&L	**156**	**157**
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gain)/loss arising from changes in financial assumptions	174	(379)
Actuarial (Gain)/ Losses due to Experience on DBO	81	(46)
Actuarial (Gain)/Loss arising from changes in financial assumptions due to demographic assumption changes in DBO	(10)	26
Return on Plan Assets (Greater) / Less than Discount rate	4	(14)
Components of defined benefit costs recognised in other comprehensive income	**249**	**(413)**
Total Defined Benefit Cost	**405**	**(256)**

The amount included in the balance sheet arising from the Group's obligation in respect of its defined benefit plans is as follows

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Present value of defined benefit obligation	1,580	1,419
Fair value of plan assets	1,432	1,675
Net liability arising from defined benefit obligation (funded)	(148)	256

Movements in the present value of the defined benefit obligation in the current year were as follows:

(₹ in Lakhs)

Particulars	Year ended March 31 2021	Year ended March 31 2020
Opening defined benefit obligation	1,419	1,696
Current Service Cost	174	147
Interest Cost	88	107
Benefits paid	(344)	(132)
Actuarial (gain)/loss	244	(399)
Closing defined benefit obligation	**1,580**	**1,419**

Movements in fair value of plan assets in the current year were as follows:

(₹ in Lakhs)

Particulars	Year ended March 31 2021	Year ended March 31 2020
Opening fair value of plan assets	1,675	1,405
Interest income of the assets	105	97
Employer contribution	-	291
Benefits payout	(344)	(132)
Actuarial gain/(loss)	(4)	14
Closing fair value of plan assets	**1,432**	**1,675**

The group funds the cost of the gratuity expected to be earned on a yearly basis to SBI Life Insurance Company Limited, which manages the plan assets.

The actual return on plan assets was ₹ 102 Lakhs (2019-20: ₹ 111 Lakhs).

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting year.

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
If the discount rate is 100 basis points higher/lower, the defined benefit obligation would		
• Decrease by (Mar 21: (8.87%); Mar 20: (7.56%))	(140)	(107)
• Increase by (Mar 21: 10.37%; Mar 20: 8.75%)	164	124
If the expected salary is 100 basis points higher/lower, the defined benefit obligation would		
• Increase by (Mar 21: 9.13%; Mar 20: 7.94%)	144	113
• Decrease by (Mar 21: (8.15%); Mar 20: (7.03%))	(129)	(100)
If the attrition rate is 100 basis points higher/lower, the defined benefit obligation would		
• Increase by (Mar 21: 1.36%; Mar 20: 2.24%)	21	31
• Decrease by (Mar 21: (1.53%); Mar 20 : (2.51%))	(24)	(36)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of each reporting year, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

Funding arrangements

The group has been fully funding the liability through a trust administered by an insurance company. Regular assessment of the increase in liability is made by the insurance company and contributions are being made to maintain the fund. Subject to credit risk of the insurance company & the asset liability mismatch risk of the investments, the group will be able to meet the past service liability on the valuation date that falls due in the future.

The group expects to make a contribution of ₹ 260 Lakhs (as at March 31 2020: ₹ 128 Lakhs) to the defined benefit plans for the next financial year.

Information on the maturity profile of the liabilities:

Particulars	March 31 2021	March 31 2020
Weighted average duration of the DBO	13.08 years	8.46 years
	₹ Lakhs	**₹ Lakhs**
Projected Benefit Obligation	1,580	1,419
Accumulated Benefits Obligation	1,446	1,149

Maturity Profile (Para 147 C of Ind AS 19):

(₹ in Lakhs)

FUTURE PAYOUTS	Present Value
Year (i)	160
Year (ii)	82
Year (iii)	83
Year (iv)	88
Year (v)	80
Next 5 year pay-outs(6-10yrs)	335
Pay-outs above ten years	751

3.5 Earnings per share

Particulars	Year ended March 31 2021	Year ended March 31 2020
Earnings per share ('EPS')	₹	₹
Basic earnings per share	48.32	19.88
Diluted earnings per share	48.32	19.88
EPS based on earnings before exceptional item	48.32	21.75
Face value per share for EPS	5	5
Basic and diluted earnings per share	**₹ Lakhs**	**₹ Lakhs**
Profit for the year attributable to equity shareholders	9,736	4,001
Profit (before exceptional item) attributable to equity shareholders	9,736	4,377
	Nos.	**Nos.**
Total number of equity shares outstanding at the end of the year	2,11,28,311	2,01,21,600
Weighted average number of equity shares		
used in the calculation of basic earnings per share	2,01,49,181	2,01,21,600
after adjustment for effect of dilution	2,01,49,181	2,01,21,600

The Company completed its Initial Public Offering (IPO) and listed its shares on BSE Limited and National Stock Exchange of India Limited on March 25 2021. The IPO involved fresh issues of 10,06,711 equity shares face value ₹ 5 each. The "weighted average number of equity shares" for computation of EPS has been calculated considering above mentioned fresh issue of shares from the date of allotment. (refer note: 1.18 for movement in equity share capital during year)

3.6 Financial Instruments:

3.6a Capital Management:

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group manages its capital structure and makes adjustments to it, in light of changes to economic conditions and the strategic objectives of the Group. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, buy back shares and cancel them, or issue new shares. The Group finances its operations by a combination of retained profit, bank borrowings, disposals of property assets and leases.

The Group monitors the capital structure on the basis of total debt to equity and maturity profile of the overall debt portfolio of the Group.

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Debt (long-term and short-term borrowings including current maturities)	70,354	1,04,064
Equity	96,943	72,159
Debt Equity Ratio	**0.73**	**1.44**

3.6b Financial risk management

In course of its business, the Group is exposed to certain financial risks that could have significant influence on the Group's business and operational / financial performance. These include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and monitors suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides services to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks.

The Group uses derivative financial instruments to hedge risk exposures in accordance with the Group's policies as approved by the board of directors.

i. Market Risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realisable fair values or future cash flows to the Group. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy

- Foreign currency risk management:

  The Group undertakes transactions denominated in foreign currencies and thus it is exposed to exchange rate fluctuations. The Group actively manages its currency rate exposures, arising from transactions entered and denominated in foreign currencies, through treasury division and uses derivative instruments such as foreign currency forward contracts to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by Management. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Assets	Currency	As at March 31 2021		As at March 31 2020	
		Amount in Foreign currency (Lakhs)	Amount in ₹ (Lakhs)	Amount in Foreign currency (Lakhs)	Amount in ₹ (Lakhs)
Receivables	USD	32	2,327	35	2,625
	EUR	8	670	6	523
	GBP	0	4	-	-
Total Receivables (A)			3,001		3,148
Hedged by derivative contracts (B)			-	-	-
Unhedged receivables (C=A-B)			3,001		3,148

Liabilities	Currency	As at March 31 2021		As at March 31 2020	
		Amount in Foreign currency (Lakhs)	Amount in ₹ (Lakhs)	Amount in Foreign currency (Lakhs)	Amount in ₹ (Lakhs)
Payable (trade & other)	USD	93	6,784	41	3,093
	JPY	313	207	23	16
	EUR	0	7	0	41
	SGD	-	-	-	-
	GBP	0	7	0	3
	CHF	0	0	0	0
Borrowings (ECB and Others)	USD	596	43,584	493	36,907
	EUR	21	1,771	29	2,368
Total Payables (A)			52,360		42,428
Hedges by derivative contracts (B)	USD	271	19,817	279	21,019
Unhedged Payables (C=A-B)			32,543		21,408

Foreign currency sensitivity analysis:

Movement in the functional currencies of the various operations of the Group against major foreign currencies may impact the Group's revenues from its operations. Any weakening of the functional currency may impact the Group's cost of imports and cost of borrowings and consequently may increase the cost of financing the Group's capital expenditures.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a parallel foreign exchange rates shift in the foreign exchange rates of each currency by 1%, which represents Management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financials instruments. The following table details the Group's sensitivity movement in the unhedged foreign exposure:

(₹ in Lakhs)

Currency	1% Strengthening of FC	
	As at March 31 2021	As at March 31 2020
USD	(282)	(164)
GBP	(0)	(0)
CHF	(0)	(0)
EUR	(11)	(19)
JPY	(2)	(0)
	(295)	(183)

A depreciation of foreign currencies would have the opposite effect to the impact in the table above.

The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

(In Lakhs)

Cash flow hedges	Foreign Currency		Equivalent value		Fair value of contracts	
	As at March 31 2021	As at March 31 2020	As at March 31 2021	As at March 31 2020	As at March 31 2021	As at March 31 2020
Sell USD	12	1	863	107	844	112

Note:

The MTM of the above has been included in the balance sheet under 'Other Current Financial Liability'. [Refer Note 1.26] as on March 31 2021 and under 'Other Current Financial Assets" [Refer Note 1.16] as on March 31 2020

Interest rate risk management:

The Group is exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. The risk of floating interest rates in foreign currency loans is managed by the Group by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities which are unhedged, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. An increase or decrease of 50 basis point in rupee interest rates and 25 basis points in USD libor rate is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

A decrease in interest rates would have the opposite effect to the impact in the table above.

(₹ in Lakhs)

Base Rate	Increase in Base rate	Effect of change in interest rates		Outstanding as on	
		As at March 31 2021	As at March 31 2020	As at March 31 2021	As at March 31 2020
USD Libor	25 bps	24	-	9,510	-
INR Baserate	50 bps	86	188	17,122	37,537
		110	**188**	**26,632**	**37,537**

Foreign currency and interest rate sensitivity analysis for swap contracts:

The Group has taken interest rate swaps ('IRS') to hedge the interest rate risks. The marked-to-market loss as at March 31 2021 is ₹ 836 Lakhs (March 31 2020 is ₹ 1,466 Lakhs). The amount of gain recognised in OCI for the period ended March 31 2021 is ₹ 642 Lakhs (March 31 2020 – loss ₹ 1,028 Lakhs) and the amount of loss recognised in Statement of Profit and Loss for the ineffective portion of cash flow hedge for the period ended March 31 2021 is ₹ 13 Lakhs (March 31 2020: loss of ₹ 50 Lakhs).

In addition to the above, the Group has an Interest Rate Collar ('IRC'), to hedge the interest rate risks. The marked-to-market loss as at March 31 2021 is ₹ 85 Lakhs (March 31 2020: Loss ₹ 111 Lakhs). The amount of loss recognised in OCI for the period ended March 31 2021 is ₹ 26 Lakhs (March 31 2020 – Loss ₹ 111 Lakhs).

In case of currency swaps, the effective portion of cash flow hedges, is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit and loss. Amounts recognised as OCI are transferred to profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs when the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability. The mark-to-market gain as at March 31 2021 is ₹ 174 Lakhs (March 31 2020:

gain of ₹ 600 Lakhs). The amount of loss recognised in OCI for the period ended March 31 2021 is ₹ 426 Lakhs (March 31 2020: gain of ₹ 1,097 Lakhs). Also, the effect given to OCI on account of restatement gain of the underlying foreign currency loans for the period ended March 31 2021 is ₹ 1,273 Lakhs (March 31 2020: Loss of ₹ 1,030 Lakhs).

Further, the Group has call options for principal payments of two of its foreign currency loan which is designated as a cash flow hedge. The marked-to-market gain as at March 31 2021 is ₹ 28 Lakhs (March 31 2020: gain of ₹ 438 Lakhs). The amount of loss recognised in OCI for the period ended 31st March 2021is ₹ 410 Lakhs (March 31 2020 – gain ₹ 855 Lakhs).

Credit Risk:

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its contractual obligations.

- Trade receivables:

  The Group periodically assesses the financial reliability of customers / corporates taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. These include customers / corporates, which have high credit-ratings assigned by international and domestic credit-rating agencies. Individual risk limits are set accordingly. The Group's trade and other receivables, including loans under customer financing activities, consists of a large number of customers, across geographies.

  The Group has used a practical expedient by computing the expected credit loss allowance for trade receivable based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

Movement in Credit loss allowance

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Balance as at beginning of the year	803	648
Allowance for bad and doubtful debts during the year	187	165
Trade Receivables written off during the year	(199)	(10)
Balance as at the end of the year	**791**	**803**

Other financial assets:

a. Bhatia Coke & Energy Limited

Bhatia Coke & Energy Limited is under "Corporate Insolvency resolution process" as per the MCA website. Also, the management of the Company is taken over by an insolvency professional appointed by the National Company Law Tribunal (NCLT)

Given this, the Group has fair valued the investment to NIL as at March 31 2021 in the current period. Fair value loss recognised in OCI for the year ended March 31 2021 is ₹ 110 Lakhs

None of the group's other cash equivalents, including time deposits with banks, are overdue or impaired.

Movement in Provision for advances:

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Balance as at beginning of the year	28	29
Allowance for the doubtful advances made during the year	(4)	109
Advances writen off during the year	4	(110)
Balance as at the end of the year	**28**	**28**

Refer note: 1.10 of the financial statements.

Liquidity Risk:

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group has obtained fund and non-fund based working capital limits from various banks. The Group invests its surplus funds in bank fixed deposit, which carry minimal mark to market risks.

The table below summarizes the maturity profile remaining contractual maturity period at the balance sheet date for its non-derivative financial liabilities based on the discounted cash flows.

(₹ in Lakhs)

As at March 31 2021	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total Amount
Bank and other borrowings	26,635	40,165	3,554	70,354
Interest payments on borrowings	3,870	5,973	126	9,969
Lease Liability	1,941	4,709	3,594	10,244
Trade Payables	35,216	-	-	35,216

(₹ in Lakhs)

As at March 31 2020	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total Amount
Bank and other borrowings	37,236	59,719	7,109	1,04,064
Interest payments on borrowings	6,899	11,756	565	19,220
Lease Liability	1,779	5,376	4,421	11,576
Trade Payables	28,178	-	-	28,178

The table below summarizes the maturity profile for its derivative financial liabilities based on the undiscounted contractual net cash inflows and outflows on derivative liabilities that settle on a net basis or gross basis.

(₹ in Lakhs)

As at March 31 2021	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Carrying Amount
Currency & Interest rates- Swaps & Options	37	(757)	-	(720)
Foreign exchange forwards	(12)	-	-	(12)
	25	(757)	-	(732)

(₹ in Lakhs)

As at March 31 2020	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Carrying Amount
Currency & Interest rates- Swaps & Options	(559)	20	-	(539)
Foreign exchange forwards	5	-	-	5
	(553)	**20**	**-**	**(534)**

3.6c Categories of Financial assets and liabilities:

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Financial Assets		
a. Measured amortized cost:		
Cash and cash equivalents	3,127	5,976
Other bank balances	1,539	1,188
Trade Receivables	23,895	19,432
Security Deposit	2,402	2,262
b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)		
Investments	30	140
Currency swaps & options and IRS & IRC	571	1,244
Others	-	5

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Financial Liabilities		
a. Measured at amortized cost:		
Borrowings	70,354	1,04,064
Lease Liability	10,244	11,576
Trade payables	35,216	28,178
Other financial Liabilities	8,205	2,589
b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)		
Currency Swaps & IRS	1,288	1,780
c. Mandatorily maintained at fair value through profit or Loss (FVTPL)		
Others	14	2

3.6d Fair value measurements:

i) **Financial assets and financial liabilities that are measured at fair value on a recurring basis as at the end of each reporting period:**

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1 : Quoted Price for identical instruments in an active market
- Level 2 : Directly or indirectly observable market inputs, Other than level 1 inputs and
- Level 3 : Inputs which are not based on observable market data

For assets and liabilities that are measured at fair value as at balance sheet date., the classification of fair value calculation by category is summarized below:

As at March 31 2021 (₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Asset at fair value				
Investments measured at				
i) fair value through OCI	-	-	30	30
Derivative Instruments measured at				
i) fair value through OCI	-	571	-	571
ii) fair value through P&L	-	-	-	-
Liabilities at fair value				
Derivative Instruments measured at				
i) fair value through OCI	-	1,288	-	1,288
ii) fair value through P&L	-	14	-	14

As at March 31 2020 (₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Asset at fair value				
Investments measured at				
i) fair value through OCI	-	-	140	140
Derivative Instruments measured at				
i) fair value through OCI	-	1,249	-	1,249
ii) fair value through P&L	-	-	-	-
Liabilities at fair value				
Derivative Instruments measured at				
i) fair value through OCI	-	1,780	-	1,780
ii) fair value through P&L	-	2	-	2

Calculation of Fair Values:

The fair values of the financial assets and liabilities are defined as 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. Methods and assumptions used to estimate the fair values are consistent with those used.

Financial assets and liabilities measured at fair value as at Balance Sheet date:

- The fair values of investment in quoted investment in equity shares is based on the current bid price of respective investment as at the Balance Sheet date.
- The fair values of the derivative financial instruments have been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

3.7 Related party disclosure

a) Related parties

Joint Ventures

Carl Stahl Craftsman Enterprises Private Limited

Company with common directors

MC Craftsman Machinery Private Limited

Key Management Personnel

Mr. SRINIVASAN RAVI, Chairman and Managing Director

Mr. RAVI GAUTHAMRAM, Whole Time Director

Mr. CHANDRASHEKAR BHIDE, Independent Director

Mr. CHANDRAMOHAN NATARAJAN, Director(till July 10 2020)

Mr. SUNDARARAMAN KALYANARAMAN, Independent Director

Mr. UDAI DHAWAN, Nominee Director

Mr. KALLAKURICHI KANNIAH BALU, Independent Director (till May 23 2020)

Mrs. VIJAYA SAMPATH, Independent Director

Mr. C.B.CHANDRASEKAR, Chief Financial Officer

Mr. THIYAGARAJ DAMODHARASWAMY, Chief Operating Officer

Mr. SHAINSHAD ADUVANNI, Company Secretary

b) Related Party Transactions – Summary:

(₹ in Lakhs)

Transactions during the year ended	Joint Ventures		Common director company		Key Management Personnel	
	Mar-21	Mar-20	Mar-21	Mar-20	Mar-21	Mar-20
Purchase of Goods & Services	113	151	68	111	-	-
Sale of Goods and Services#	1,676	1,977	-	-	-	-
Sales commission expenses#	-	15	-	-	-	-
Reimbursement of Expenditure from	4	-	3	-	-	-
Dividend payments	-	-	-		-	266
Remuneration to key management personnel	-	-	-	-	584	687
Commission	-	-	-	-	844	86
Sitting fee	-	-	-	-	21	23
Rental income	2	2	26	28	-	-

(₹ in Lakhs)

Balances as at the end of	Joint Ventures		Common director company		Key Management Personnel	
	Mar-21	Mar-20	Mar-21	Mar-20	Mar-21	Mar-20
Trade Receivables	164	574	-	-	-	-
Trade Payables	2	3	25	26	-	-
Remuneration payables	-	-	-	-	9	2
Rent advance received	-	-	2	2	-	-

c) Significant Related Party Transactions:

(₹ in Lakhs)

Particulars	Year Ended March 31 2021	Year Ended March 31 2020
Purchase of Goods & Services		
Carl Stahl Craftsman Enterprises Private Limited	113	151
MC Craftsman Machinery Private Limited	68	111
Sales of Goods and Services		
Carl Stahl Craftsman Enterprises Private Limited	1,676	1,977
MC Craftsman Machinery Private Limited#	-	-
Sales Commission paid		
Carl Stahl Craftsman Enterprises Private Limited#	-	15
Reimbursement of Expenditure from		
Carl Stahl Craftsman Enterprises Private Limited	4	-
MC Craftsman Machinery Private Limited	3	-
Dividend payments		
Executive Directors	-	266
Remuneration to key management personnel		
Executive Directors	435	508
Chief Financial Officer	72	99
Chief Operating Officer	61	65
Company Secretary	17	15
Commission		
Executive Directors	814	66
Non-Executive Directors	30	21
Sitting Fee		
Non-Executive Directors	21	23
Rent Income		
Carl Stahl Craftsman Enterprises Private Limited	2	2
MC Craftsman Machinery Private Limited	26	28

#amount is below rounding off norms adopted by the Company

d) Balances of Related Parties

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Trade Receivables		
Carl Stahl Craftsman Enterprises Private Limited	164	574
MC Craftsman Machinery Private Limited	-	-
Trade payables		
Carl Stahl Craftsman Enterprises private Limited	2	3
MC Craftsman Machinery Private Limited	25	26
Rent Advance received		
MC Craftsman Machinery Private Limited	2	2
Remuneration Payable		
Mr. S Ravi	9	2

3.8 Contingent Liabilities and Contingent assets

a) Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

(₹ in Lakhs)

Contingent Liabilities	As at March 31 2021	As at March 31 2020
a. Claims against the group not acknowledged as debt		
Excise	7	7
VAT	62	55
Service tax	67	67
GST	43	27
Income tax	1,821	1,768
Stamp duty	56	56
b. Sales Bills discounted	-	56

Commitments

Commitment on Capital Account not provided as on March 31 2021: ₹ 10,260 Lakhs (March 31 2020: ₹ 3,049 Lakhs)

3.9 Non-Current Borrowings:

(₹ in Lakhs)

	As at March 31 2021			Particulars of Repayment		As at March 31 2020		
	Non-Current	Current Maturity	Total	Installments	Amount/Inst	Non-Current	Current Maturity	Total
ECB-3	-	-	-	Quarterly	USD 2.39/20	539	718	1,257
ECB-4	534	304	838	Quarterly	USD 0.63/8, 0.93/8, 1.57/8	864	313	1,177
ECB-10	-	-	-	Quarterly	USD 3.00/ 20	1,130	904	2,034
ECB-11	2,046	1,168	3,214	Quarterly	USD 4.00/ 20	3,313	1,203	4,516
ECB-12	994	978	1,972	Quarterly	INR 0.5/ 2, 1.0/ 4. 2.18/ 15, 2.3/ 1	2,032	1,006	3,039
ECB-13	16,789	2,494	19,283	Half-yearly	USD 11.54/ 13	20,745	1,696	22,441
ECB-14	3,098	543	3,641	Quarterly	USD 2.50/ 20	-	-	-
FCTL-1	392	260	652	Quarterly	EUR 0.76 / 16	632	252	883
FCTL-2	657	-	657	Quarterly	EUR 1.28 / 15	1,060	424	1,484
FCNRB-2	-	1,022	1,022	Quarterly	USD 3.33/ 15	1,053	1,390	2,443
TL -1	3,701	-	3701	Quarterly	INR 208.33/ 24	7,171	-	7,171
TL-4	375	249	624	Quarterly	INR 41.87/ 24	766	208	975
TL-7	-	-	-	Monthly	INR 25.00/ 60	1,362	737	2,099
TL-8	297	-	297	Quarterly	INR 160.00 / 20	894	594	1,489
TL-11	-	-	-	Monthly	INR 100.00 / 72	3,295	1,236	4,531
TL-12	-	-	-	Quarterly	INR 100.00 / 25	1,499	375	1,874
TL-13	1,862	938	2,800	Quarterly	INR 66.87 / 20	2,595	761	3,356
TL-14	2,493	992	3,485	Quarterly	INR 250.00 / 20	3,485	989	4,474
TL-15	892	-	892	Quarterly	INR 250.00 / 16	1,484	-	1,484
TL-16	-	-	-	Monthly	INR 102.89/ 48	3,552	-	3,552
TL-17	-	-	-	Monthly	INR 41.67 / 60	1,893	-	1,893
TL-18	5,611	1,871	7,482	Quarterly	INR 156.25/ 48	7,463	2	7,465
TL-19	3,982	-	3,982	Quarterly	INR 250.00 / 16	-	-	-
Total	**43,719**	**10,821**	**54,540**			**66,828**	**12,809**	**79,637**

The balances mentioned above are at amortized cost: Refer note 1.20

All term loans, both Rupee and Foreign Currency are secured by first pari passu charge on fixed assets of the company. Also, a second pari passu charge on current assets of the company are created for all term loans except for loan from Kotak Mahindra Bank. In addition to the above, the loans are guaranteed by personal guarantees of the Chairman and Managing Director.

3.10 Leases:

3.10a Group as lessee

Following are the changes in the carrying value of right of use assets for the year ended March 31 2021:

(₹ in Lakhs)

Particulars	Machinery	Land & Buildings	Total
Balance as at April 01 2020	1,307	9,540	10,847
Additions	-	573	573
Amortization/ expense	(496)	(1,680)	(2,176)
Deletion	-	(901)	(901)
Balance as of March 31 2021	**811**	**7,532**	**8,343**

(₹ in Lakhs)

Particulars	Machinery	Land & Buildings	Total
Balance as at April 01 2019	1,615	8,748	10,363
Additions	199	2,641	2,840
Amortization/ expense	(507)	(1,686)	(2,193)
Deletion	-	(163)	(163)
Balance as of March 31 2020	**1,307**	**9,540**	**10,847**

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities:

(₹ in Lakhs)

Particulars	March 31 2021	March 31 2020
Current lease liabilities	1,941	1,779
Non-current lease liabilities	8,303	9,797
Total	**10,244**	**11,576**

The following is the movement in lease liabilities during the year:

Particulars	Amount in ₹ Lakhs
Balance as at April 01 2020	11,576
Additions	573
Finance cost accrued during the year	1,077
Deletion	(901)
Payment of lease liabilities	(2,081)
Balance as of March 31 2021	**10,244**

Particulars	Amount in ₹ Lakhs
Balance as at 1 April 2019	10,553
Additions	2,839
Finance cost accrued during the year	1,060
Deletion	(163)
Payment of lease liabilities	(2,713)
Balance as of March 31 2020	**11,576**

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
Less than one year	2,887	2,887
One to five years	7,010	8,132
More than five years	4,347	5,592
Total	**14,244**	**16,611**

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹ 124 Lakhs for the year ended March 31 2021. (March 31 2020: ₹ 179 Lakhs)

Total cash outflow for leases including short-term was ₹ 2,205 Lakhs for the year ended March 31 2021. (March 31 2020: ₹ 2,893 Lakhs).

Note: The Group has elected not to assess any reduction in lease payments during the nine months year ended March 31 2021 as lease modification in accordance with MCA notification G.S.R. 463E dated July 24 2020 on Ind AS 116 'Leases'.

3.10b Group as lessor

Group has provided a portion of its building on operating lease to MC Craftsman Machinery Private ltd & Carl Stahl Craftsman Enterprises Private Limited for a period of 3 years.

(₹ in Lakhs)

Non-Cancellable Operating lease commitment	As at March 31 2021	As at March 31 2020
Not later than 1 year	19	29
Later than 1 year but not later than 5 years	2	20
Later than 5 years	-	-

3.11 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006

(₹ in Lakhs)

Particulars	As at March 31 2021	As at March 31 2020
The principal amount due to Micro and Small Suppliers under this Act	1,841	2,076
Interest accrued and due to suppliers on the above amount	8	65
Interest paid to suppliers under this act (Section 16)	Nil	Nil
Interest due and payable for the delay (for payment during the year beyond due date)	Nil	Nil
Payment made to suppliers (other than interest) beyond the appointed date, during the year	Nil	Nil
Interest accrued and remaining unpaid at the end of year to suppliers under this Act	8	65
Interest due and payable to suppliers under this Act for payment already made	Nil	Nil

The information has been given in respect of Vendors to the extent they could be identified as "Micro and Small Enterprises" on the basis of information available with the Group.

3.12 Exceptional Item:

In June 2018, the Company filed its Draft Red Herring Prospectus with Securities & Exchange Board of India (SEBI) for a proposed Initial Public Offering (IPO) of its equity shares. The Company was obligated to go for IPO as an exit option for the PE investors as per the shareholder's agreement. In this relation, the Company had incurred ₹ 577 Lakhs towards non-recurring IPO related expenses. The proposed IPO had envisaged fresh issue of equity shares by the Company and offer for sale by certain existing shareholders. As the SEBI approval expired in August, 2019 and the market conditions were not conducive for listing, the same was not pursued. Hence, the entire expense was charged off to the Statement of Profit and Loss as "exceptional item" in FY 2019-20.

3.13 CSR Expenditure:

(₹ in Lakhs)

CSR Expenditure	Year Ended March 31 2021	Year Ended March 31 2020
(a) Gross amount required to be spent by the company during the year as per section 135 of the Companies Act, 2013 read with Schedule VII	154	134
(b) Amount spent during the year	52	89
(c) Amount transferred to CSR on-going projects subsequently	102	

(₹ in Lakhs)

Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction / acquisition of any asset	10	102	112
(ii) On purposes other than (i) above	42	-	42

3.14 Segment Reporting:

(₹ in Lakhs)

Segment Revenue	Year ended March 31 2021	Year ended March 31 2020
Automotive- Powertrain & Others	81,127	70,929
Automotive- Aluminium Products	32,975	25,769
Industrial & Engineering	41,893	52,548
Total Revenue as per Statement of Profit and Loss	**1,55,995**	**1,49,246**

(₹ in Lakhs)

Segment Profit or Loss	Year Ended March 31 2021	Year ended March 31 2020
Automotive- Powertrain & Others	22,064	15,080
Automotive- Aluminium Products	253	895
Industrial & Engineering	7,952	9,687
Total Segments	**30,269**	**25,662**
Less: Unallocable Expenditure	(5,690)	(5,505)
Add: Other Income	1,025	857
Earnings Before Interest, Exceptional Item & Tax	**25,604**	**21,014**
Less: Finance Cost	(10,728)	(14,860)
Profit before exceptional item & Tax	**14,876**	**6154**
Less: Exceptional item	-	(577)
Profit before tax	**14,876**	**5,577**

(₹ in Lakhs)

Segment Assets	As at March 31 2021	As at March 31 2020
Automotive- Powertrain & Others	98,036	94,313
Automotive- Aluminium Products	55,765	47,895
Industrial & Engineering	59,261	59,590
Total Segments	**2,13,062**	**2,01,798**
Unallocable Assets	22,128	28,930
Total Assets as per Balance Sheet	**2,35,190**	**2,30,728**

(₹ in Lakhs)

Segment Liabilities	As at March 31 2021	As at March 31 2020
Automotive- Powertrain & Others	52,017	60,601
Automotive- Aluminium Products	29,689	31,705
Industrial & Engineering	27,695	39,677
Total Segments	**1,09,401**	**1,31,983**
Unallocable Liabilities	28,846	26,586
Total Liabilities as per Balance Sheet	**1,38,247**	**1,58,569**

(₹ in Lakhs)

Geographical Information	Year Ended March 31 2021	Year ended March 31 2020
Revenue from operations		
India	1,40,572	1,32,185
Outside India	15,423	17,061
Total Revenue	**1,55,995**	**1,49,246**

All non-current assets of the Group are located in the respective country of the entities consolidated.

Disclosure about major customers

Revenue from customers individually contributing more than 10% of total revenue of the Group across all the segments, amounts to ₹ 48,505 Lakhs (₹ 38,056 Lakhs for the year ended March 31 2020) of the total revenue of the Company across all the segments.

3.15 The unaudited standalone financial statements of foreign subsidiaries have been prepared in accordance with the Generally Accepted Accounting Principles of its Country of Incorporation or International Financial Reporting Standards. The Company has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. These subsidiaries follow calendar year as their financial year. The financial statements of the subsidiaries for the period April 01 2020 to March 31 2021 has been culled out from their financials for the purpose of consolidation.

3.16 Certain comparative figures have been reclassified to conform to the current period presentation.

For **SHARP & TANNAN**
Chartered Accountants
Firm Registration No. 003792S

For and on behalf of the Board

V. Viswanathan
Partner
Membership No. 215565

R.Gauthamram
Whole Time Director
DIN : 06789004

S.Ravi
Chairman and Managing Director
DIN : 01257716

Shainshad Aduvanni
Company Secretary M.No.A27895

C. B. Chandrasekar
Chief Financial Officer

Place : Chennai
Date : May 05 2021

Place : Coimbatore
Date : May 05 2021

Craftsman
AUTOMATION

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