

# 38<sup>th</sup> ANNUAL REPORT AND ACCOUNTS 2020-2021



**STEEL AND INDUSTRIAL FORGINGS LTD.**  
(A Government of Kerala Undertaking)  
ATHANI, THRISSUR – 680581  
KERALA



**THIRTY EIGHTH  
ANNUAL REPORT AND ACCOUNTS  
2020 - 2021**



**STEEL AND INDUSTRIAL FORGINGS LTD.**

(A Government of Kerala Undertaking)  
ATHANI, THRISSUR – 680581  
KERALA



## **STEEL AND INDUSTRIAL FORGINGS LIMITED**

Regd. Office: SILK Nagar, Thrissur-680581

CIN: U28910KL1983SGC003729

Web : [www.siflindia.com](http://www.siflindia.com)

Email : [md.sifl@kerala.gov.in](mailto:md.sifl@kerala.gov.in)

Phone : 0487 2201736

### **BOARD OF DIRECTORS**

**Asokan. K** : Chairman

**CDR (Rt.) P Suresh** : Managing Director

**Anil kumar. S** : Director

**G. K. Pillai** : Director

### **BANKERS:**

State Bank of India

SME Branch Paramakkavu -63880

Thrissur -680001

### **AUDITORS:**

Mohandas & Associates

Chartered Accountants

IIIrd Floor, "Sree Residency"

Press Club Road, Thrissur-1.

### **REGISTERED OFFICE**

ATHANI .P.O

THRISSUR-680581, KERALA

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# STEEL AND INDUSTRIAL FORGINGS LIMITED

Registered Office: Athani, Mulangunnathukavu, Thrissur- 680 581

CIN: U28910KL1983SGC003729, Phone: 0487- 2201736

Web: www.siflindia.com | e-mail: md.sifl@kerala.gov.in

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 38<sup>th</sup> Annual Report of your Company together with the Audited financial statements for the financial year ended 31st March 2021.

### FINANCIAL HIGHLIGHTS

PARTICULARS	2020-21 (₹)	2019-20 (₹)
Gross Income	46,13,56,703.41	45,80,46,324.37
Profit/(Loss) Before Interest and Depreciation	4,72,88,618.50	(100,77,987.56)
Finance Charges	2,13,29,589.86	2,28,23,864.40
Gross Profit/(Loss)	2,59,59,028.64	(3,29,01,851.96)
Provision for Depreciation & Amortization	2,28,80,576.01	2,38,58,263.79
Net Profit/(Loss) Before Exceptional items, Extra ordinary Items & Tax	30,78,452.63	(5,67,60,115.75)
Exceptional items	5,36,914.00	-
Extra ordinary Items - Prior Period Expense/(Income)	10,71,269.00	-
Net profit/(Loss) before Tax	14,70,269.63	(5,67,60,115.75)
Current Tax	2,29,362.00	-
Deferred Tax	(9,788.00)	(43,60,636.84)
Net Profit/(Loss) After Tax	12,50,695.63	(5,23,99,478.91)

Your Company's Profit and Loss Account shows a Net Profit of ₹ 12,50,695.63 for the year (Last year Net Loss was ₹ 5,23,99,478.91), after providing for all usual, exceptional and necessary provisions namely depreciation, tax etc. The major reason for this improvement in performance is due to the changes in sales mix with the execution of conversion of jobs, cost reduction measures implemented and achievement of higher productivity. The profit achieved even though company were closed is due to the lockdown of the company from 24<sup>th</sup> March 2020 to 20<sup>th</sup> April 2020, the intended dispatches could not materialized. The corona virus and the subsequent lockdown has resulted adverse market situation. Your Directors expect that in the ensuing years the company can increase profit further.

### OPERATIONS HIGHLIGHTS

The company continued to operate during the year under difficult conditions of very stiff competition and volatile raw material costs prevailing in the forgings related industrial scenario. However, with the concerted efforts of the Management, Employees and the support from the Government, our Bankers M/s. State Bank of India & above all, our valued Customers, which helped us to continue the performance during the year 2020-21.

Income from Sales & Services, net of taxes and duties, of the current year is ₹ 4,613 lakhs as compared to ₹ 4,580 lakhs in the previous year.



The Production achieved in the year is 1420 Tons as compared to 1781 Tons in the previous year. The value of Production is ₹ 4607 lakhs as against ₹ 4980 lakhs in the previous year.

Your Company holds AS-9100C Certification apart from ISO 9001-2000 Quality Management Certification.

The land possessed and owned by the Company on the Balance Sheet date is 9.578 Hectares (23.660 Acres) valued at ₹ 1.02 lakhs and is mortgaged as collateral security for the loan sanctioned by State Bank of India.

At the time of importing 16T Pneumatic Hammer from M/s. NKMZ International Projects Limited, Ukraine the company had availed import duty exemption under EPCG scheme. The duty saved under this EPCG Scheme is ₹ 436.35 lakhs. Under this EPCG Scheme we have to fulfill an export obligation of 6 times of the duty saved on import of capital goods within a period of 6 years for value of ₹ 2618.11 lakhs. In the event of any failure in export obligation, company is liable to pay the exempted duty of ₹ 436.35 lakhs along with interest as fixed by the department. Considering the present rate of interest applicable, the interest liability is estimated to be ₹ 471.25 lakhs. We could not fulfill the export obligation within the permitted time limit due to some external factors beyond our control.

We are in the process of getting extension to fulfill the export obligation within a tenure beginning from 26.09.2019 to 25.09.2024 (5 years from the Initial expiry) and are also seeking for relaxation of various existing provisions of EPCG. In this connection, we have made submission on 27.09.2021 to the Policy Relaxation Committee (PRC) at New Delhi for the same.

#### **OUTBREAK OF COVID-19 PANDEMIC.**

At the beginning of the Financial Year 2020-21, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-down of all economic activities. As per the direction of the Government, office and manufacturing unit of the company were closed down during that period. In the month of April 2021 second wave of COVID-19 Pandemic started another crisis and State Government imposed lockdown from the first week of May 2021. Lockdown drastically affected the overall economy. Your directors expect such economic crisis will impact our industry also and it will be affected in the financial year 2021-22, but are hopeful about the recovery of the same at the earliest. Your Board will take all the appropriate measures to improve the business of the company in strict compliance of COVID-19 protocol notified by the Central and State Government from time to time.

#### **EXPANSION PROGRAMME**

As a part of expansion programme the new Aerospace Heat Treatment with an investment Rs.800 Lakhs, specifically for the Aerospace and defence sector forgings were inaugurated by Hon'ble Minister of Industries Mr.E.P.Jayarajan on 17.02.2021. With the commissioning of this unit, company can increase the Turnover as well as profit and ensure timely delivery of the Forgings to the end user in time.

The other project related with the expansion of Shornur Machining Unit is under initial stage of its preparatory operations.

#### **DIVIDEND**

No Dividend has been recommended for the current financial year.

#### **TRANSFER TO RESERVES IN TERMS OF SECTION 134 (3) (J) OF THE COMPANIES ACT, 2013**

The net profit of ₹ 12,50,695.63 was transferred to previous years' reserves & surplus account. The company has not transferred any amount to any other reserves separately.

#### **INFORMATION ABOUT SUBSIDIARY/ JV/ ASSOCIATE COMPANY**

Your Company does not have any Subsidiary, Joint Venture or Associate Company.



## **TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

Since there was no unclaimed dividend during the past years, the provisions under the Companies Act regarding the transfer of unclaimed dividend to Investor Education and Protection Fund do not apply to the company.

## **MATERIAL CHANGES AND COMMITMENTS**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this report except the following:

1. On 12/11/2021, company availed a new GECL facility of Rs.1.56 Crore and thereby the total limit of various Credit facilities availed from State Bank of India has been further enhanced to Rs.36.95 Crores and company secured the same by way of Hypothecation of Stocks, Receivables and Book Debts and also extended Equitable Mortgage of 23.66 Acres of land as security for the total limit of Rs.36.95 Crores availed from the Bank.

## **DIRECTORS AND KMP**

At the beginning of the financial year 2020-21, following persons are the directors of the company.

- |   |                       |   |                   |
|---|-----------------------|---|-------------------|
| 1 | Antony Raju Alphonse  | : | Chairman          |
| 2 | CDR.P.Suresh (Retd)   | : | Managing Director |
| 3 | Anil Kumar S.         | : | Director          |
| 4 | Xavier Chittilappilly | : | Director          |
| 5 | Gopi Kumar Pillai     | : | Director          |

Chairman Sri Antony Raju Alphonse and Director Sri Xavier Chittilappilly were resigned from the Directorship of the company w.e.f.18.03.2021 and 12.03.2021 respectively. There were no other changes in the Board of Directors of the Company during the financial year 2020-21.

At the end of the financial year 2020-21, following persons are the directors of the company:

- |   |                     |   |                   |
|---|---------------------|---|-------------------|
| 1 | CDR.P.Suresh (Retd) | : | Managing Director |
| 2 | Anil Kumar S.       | : | Director          |
| 3 | Gopi Kumar Pillai   | : | Director          |

Government has appointed Shri Asokan K, Additional Secretary Industries Department as the Chairman of the Company in place of Shri Antony Raju Alphonse, Ex.MLA vide G.O.(Rt.) No.792/2021/ID dated 31.07.2021.

None of the directors of the company are liable to retirement by rotation at the ensuing AGM. The board of directors is in pursuance of finding and appointing a suitable person to fill the vacancy of company secretary by direct recruitment. Your company is presently availing the service of Practicing Company Secretary, as and when required, for better legal and regulatory compliances.

## **MEETINGS OF THE BOARD OF DIRECTORS**

During the Financial Year 2020-21, the Board of Directors of the company met 4 times as per the provisions of Section 173 of Companies Act, 2013 for which details are given below.

Sl. No.	Date of Board Meeting	Total Number of directors as on the date of meeting	Number of directors Attended
1	30/06/2020	5	5
2	29/10/2020	5	5
3	29/12/2020	5	4
4	03/03/2021	5	4

Details of number of board meetings attended by each director during the financial year 2020-21 were as follows:

Sl. No.	Name of Director	No. of Meetings held during the tenure	No. of Meetings Attended
1	Antony Raju Alphonse	4	4
2	Anil Kumar S.	4	4
3	Xavier Chittilappilly	4	2
4	Gopi Kumar Pillai	4	4
5	CDR.P.Suresh(retd)	4	4

#### **AUDIT COMMITTEE**

The 159<sup>th</sup> Board went through the note regarding the re-constitution of the Audit Committee and authorized the Managing Director to discuss the matter with RIAB for knowing the statutory compliance under Companies Act 2013 as ours is not a company statutorily required to constitute an Audit Committee. After getting the opinion from RIAB, the same is no longer required. Hence Audit Committee was not reconstituted.

#### **DETAILS OF GENERAL MEETINGS HELD DURING THE FINANCIAL YEAR 2020-21**

The 37<sup>th</sup> Annual General Meeting of the company for the financial year ended on 31<sup>st</sup> March 2020 was held on 30<sup>th</sup> December 2020 through Video Conference which was adjourned as the Financial Statements could not be adopted in that meeting and the 37<sup>th</sup> Adjourned Annual General Meeting was held on 27<sup>th</sup> September 2021 in which the Annual Accounts for the year 2019-20 were adopted. No Extra Ordinary General Meeting was held during 2020-21.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the Company confirms that:

- in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis;
- the company being unlisted sub clause (e) of Section 134(5) is not applicable; and
- 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.



## ANNUAL RETURN

Pursuant to Sub-Section 3(a) of Section 134 and Sub-Section (3) of Section 92 of the Companies Act 2013, a copy of Annual Return as at 31st March 2021 in Form No. MGT-7 is hosted on the website of the company and can be viewed at the web-link mentioned below:

[https://www.siflindia.com/annual\\_reports](https://www.siflindia.com/annual_reports)

## RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the company at large and approval of the Board of Directors and shareholders was obtained wherever required. Further all the necessary details of transaction entered with the related parties are attached herewith in Form No. AOC-2 for your kind perusal and information. **(Annexure – I)**.

## LOANS, GUARANTEES AND INVESTMENTS

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

## AUDITORS AND REPORT THEREON

Auditors' Report for the financial year ended 31<sup>st</sup> March, 2021 issued by the Statutory Auditors of the company M/s. Mohandas & Associates, Chartered Accountants, 03<sup>rd</sup> Floor, "Sree Residency", Press Club Road, Thrissur – 680 001 is annexed herewith for your kind perusal and information. Explanation of the Board of Directors for the comments / observation of Auditors in their report has been enclosed herewith as Addendum to Directors Report.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

### 1. Conservation of energy

1	The steps taken or impact on conservation of energy	:	Nil
2	The steps taken by the company for utilizing alternate sources of energy	:	Nil
3	The capital investment on energy conservation equipment	:	Nil

### 2. Technology absorption

1	Efforts in brief made towards Technology Absorption and innovation	:	SIFL established an exclusive aerospace new Heat Treatment plant in February 2021 Various modern automated electric furnaces were installed as a part of the plant viz, Ageing Furnace (air oven), Drop Bottom Furnace, Austenitizing Furnace and Tempering Furnace.
2	Benefits derived as a result of the above e.g. Product improvement, cost reduction, product development, import substitution etc.	:	Enhance the productivity of heat treated Titanium and Aluminum Alloy Forgings meant to be supplied to various aerospace/defense customers

(Imported during the last 5 years reckoned from the beginning of the Financial year.)	
3	Technology imported : Nil
	Year of import : N/A
	Has Technology been fully absorbed? : N/A
	If not fully absorbed, area where this has not taken place, reasons therefore and future plan of action. : N/A

### 3. Foreign Exchange Earnings and Outgo

1	Foreign Exchange earned in terms of actual inflows during the year	:	₹ 443.20 Lakh
2	Foreign Exchange outgo during the year in terms of actual outflows	:	Nil

### 4. Research And Development (R & D)

I. RESEARCH AND DEVELOPMENT (R & D)			
1	Specify area in which R&D carried out by the company	a)	R&D conducted on critical components like Bottom Dish and Top for K-5 Project ANSP-DRDL (Defence Research & Development Laboratory)
		b)	Developed critical aluminum and titanium close die forgings for Light Combat Aircraft (LCA) project through M/s HAL
		c)	Developed Aluminium, Steel Open Die Forgings for Gaganyan Project of HSFC/VSSC.
2	Benefits derived as a result of the R&D	a)	These forgings are used in propellant tank used in Liquid bio propellant reaction control system for storing hydrazine based fuel and dinitrogen tetraoxide. SIFL is the only approved developed source for the propellant tank forgings. So SIFL will get repeat order for the forgings.
		b)	SIFL become the part of indigenous development of Light Combat Aircraft Project. SIFL is the only approved source for LCA forgings. So SIFL will get repeat order for the forgings.
		c)	Development of forgings for the ongoing project of HSFC (Human Space Flight Centre). SIFL is the only approved source for Gaganyan forgings. So SIFL will get repeat order for the forgings
3	Future plan of action	a)	R&D for DMRL forgings
		b)	R&D for Inconel Dome Forgings
		c)	



4	Expenditure on R&D		
	a) Capital		Nil
	b) Recurring		Nil
	c) Total		Nil
	d) Total R&D expenditure as a percentage of total turnover		Nil
<b>II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION</b>			
1)	Efforts in brief made towards Technology Absorption and innovation	a)	Nil
2)	Benefits derived as a result of the above eg. Product improvement , cost reduction, product development, import substitution etc.	a)	Nil
<b>III IN CASE OF IMPORTED TECHNOLOGY</b>			
(Imported during the last 5 years reckoned from the beginning of the Financial year)			
a)	Technology imported		Nil
b)	Year of import		N/A
c)	Has Technology been fully absorbed?		N/A
d)	If not fully absorbed, area where this has not taken place, reasons therefore and future plan of action.		N/A

### **RISK MANAGEMENT**

The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence are very minimal.

### **INTERNAL FINANCIAL CONTROLS**

The company has adequate internal financial controls commensurate with its size and nature of business as detailed in the Financial Statements.

### **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

It is hereby confirmed that there are no employees of the company who are in receipt of remuneration in excess of the limits specified under Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 and hence the disclosure of particulars in this regard is not applicable. Your Directors further state that during the year under report, there was no sexual harassment complaints / cases filed pursuant to The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013.

### **DEPOSITS**

The company has not accepted any deposits during the financial year 2020-21.

### **SHARES**

#### **(a) Buy Back of Securities**

The Company has not bought back any of its securities during the year under review.

#### **(b) Sweat Equity**

The Company has not issued any Sweat Equity Shares during the year under review.

(C) **Bonus Shares**

No Bonus Shares were issued during the year under review.

(d) **Employees Stock Option Plan**

The Company has not provided any Stock Option Scheme to the employees.

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The provisions of Section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility (CSR) do not apply to your company, hence no disclosures in this regard has been made in this report.

**INDUSTRIAL RELATIONS**

Employee relations of the Company continued to be harmonious.

Your Directors wish to place on record their sincere appreciation for the dedicated and sincere efforts of all Employees at all levels to post improved results under difficult conditions and look forward to their continued co-operation in overcoming all the market threats, in ensuring sustained cost reduction in all possible spheres and for capitalizing on the available market opportunities.

**ACKNOWLEDGEMENT**

Your Directors wish to express their sincere thanks and place on record the appreciation for the continued co-operation and support extended by the valuable Customers, Vendors, Government Authorities and the Bankers State Bank of India for their faith and wholehearted support and also solicit their continued co-operation.

The Directors also wish to thank all the employees for their contribution, support and continued co-operation throughout the year.

By order of the Board of Directors

Athani  
29/12/2021

**Sd/-**  
**Asokan K**  
(DIN: 09267049)  
Chairman



## STEEL AND INDUSTRIAL FORGINGS LIMITED

Registered Office: Athani, Mulangunnathukavu, Thrissur - 680 581

CIN: U28910KL1983SGC003729

Phone: 0487 - 2201751 | E-mail: sifffin@gmail.com | Web: www.siflindia.com

### ANNEXURE – I

#### FORM NO. AOC-2

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 arms length transactions under third proviso thereto **(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

#### 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 and nature of relationship	/
B	Nature of contracts/arrangements/transactions	/
C	Duration of the contracts/arrangements/transactions	/
D	Salient terms of the contracts or arrangements or transactions including the value, if any	- N I L -
E	Justification for entering into such contracts or arrangements or transactions	/
F	Date of approval by the Board	/
G	Amount paid as advances, if any	/
H	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	/

#### 2. Details of material contracts or arrangement or transactions at arm's length basis

Sl. No.	Particulars	Details
A	Name(s) of the related party and nature of relationship	/
B	Nature of contracts/arrangements/transactions	/
C	Duration of the contracts/arrangements/transactions	- N I L -
D	Salient terms of the contracts or arrangements or transactions including the value, if any:	/
E	Date(s) of approval by the Board, if any	/
F	Amount paid as advances, if any:	/

Form shall be signed by the persons who have signed the Board's report.

Athani  
29/12/2021

By order of the Board of Directors

Sd/-  
**Asokan K**  
(DIN: 09267049)  
Chairman

**MOHANDAS & ASSOCIATES**

Chartered Accountants

IIIrd Floor, "Sree Residency"

Press Club Road, Thrissur - 1.

☎: 0487 - 2330841

Email: anoop.auditors@gmail.com

**INDEPENDENT AUDITORS' REPORT**

To

The Members of **Steel and Industrial Forgings Limited****Report on the audit of the Standalone financial statements****Qualified Opinion**

We have audited the accompanying financial statements of **Steel and Industrial Forgings Limited** (the company), which comprise the Balance sheet as at March 31, 2021, and the Statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid Financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its Loss and cash flows for the year ended on that date.

**Basis for Qualified Opinion**

- 1 Trade payables, advances from customers, creditors for capital goods and trade receivable, outstanding capital expenses shown under outstanding liabilities, certain amounts of outstanding expenses, amounts in other payables, advances to others, claims receivable and Adhoc advances equivalent to IR are subject to confirmation.
- 2 Advance to Government Companies amounting to Rs. 24.53 lakhs included under the Long-term loans and advances (Note 9) is subject to confirmation.
- 3 The company had availed import duty exemption under EPCG scheme. The duty saved under this scheme is Rs.436.35 lakhs. Under the EPCG scheme the company have to fulfill an export obligation of 6 times of the duty saved on import of capital goods within a period of 6 years for the value of Rs.2618.11 lakhs (first to fourth year -50% and fifth to sixth year- 50%) from the date of authorization- 27/09/2013. In the event of any failure in export obligation, company is liable to pay the exempted duty of Rs. 436.35 Lakhs, along with interest as fixed by the department. The block of 6 years is ended on 26/09/2019. The company failed to achieve the export obligation. The request submitted by the company to get extension of 5 years is not yet accepted. If the liability is initiated by the department



the company will be liable to pay an Rs.363.21 lakhs along with interest Rs. 471.25 Lakhs and the loss would increase by Rs. 834.46 Lakhs. No provision has been made for the same in the current year. (Refer Note no. 28(r))

- 4 The variable flow control device at a cost of Rs.16,68,447.95 being machinery installed during the financial year 2006-07 is included in Capital Work on Progress (Note 10), ought to have been written off as there is no beneficial use to be derived from this asset. This has resulted in understatement of loss and corresponding overstatement in Capital Work in progress.
- 5 The company has considered an expense of Rs. 20,00,000 in nature of bank charges as Processing Charges receivable(Note No.9) during the FY 2019-20 assuming, it would be refunded by State Bank of India. The request submitted by company for facilitating the compensation is now under consideration of Head office of State Bank of India. If the request is rejected by the Bank, the loss of company will increase to the extent of Rs. 20,00,000.
- 6 The company has only provided Rs. 1,68,37,733 for Leave encashment against required provision of Rs. 2,08,96,476 as per Actuarial Report. This has resulted in understatement of liability and corresponding overstatement of profit to the tune of Rs. 40,58,743.
- 7 The Cumulative financial impact of aforesaid qualifications amounts to Rs. 911.72 Lakhs. If the same has been impacted the statement of profit and loss would have shown a loss of Rs. 897.02 Lakhs against the reported profit of Rs. 14.70 Lakhs.
- 8 The company has accounted an amount of Rs. 208.33 Lakhs payable to Steel Industrial Kerala Limited, Athani with regard to construction of factory building of HT plant without obtaining and verifying work measurements in Measurement book, Tax Invoice, Material consumption statements etc. and the aforesaid amount was also paid by the company and there is no amount pending in the books of accounts. However, as per the latest communication from Steel Industrial Kerala Limited, the amount corresponding to total work completed is equal to Rs.267 Lakhs excluding GST which is not in conformity with the books of accounts of the company. This has resulted in the understatement of liability to that extent and a corresponding understatement of Fixed asset.
- 9 An amount of Rs.2,96,183.35 shown Liquidation of TETCOS (Note No 6) has been outstanding for a long period and the probability of paying off the liability is negligible. Taking the fact into consideration the liability is overstated to the tune of the above.
- 10 Property, Plant and Equipment include 18 KP 10 T Capacity Forging Hammer, of which the title is under dispute. Though the Lessor, M/s. India Forge and Drop Stampings Ltd., Chennai (IFDS) have not concluded sale/transfer of title formalities, the Company (SIFL) had exercised the option in 1988-89 to buy the 18 KP 10 T capacity Forging Hammer on expiry of the lease period and this main production equipment of the Company has been in continuous use. A considered decision was taken to capitalize the 10T Forging Hammer as on 01.04.2002 at a gross block of Rs. 27 lakhs (equivalent to the Interest- free security deposit furnished to IFDS in this context and carried forward in SIFL's audited accounts as on 31.03.2002) with corresponding credit to outstanding liability, retaining the security deposit of Rs.27 lakhs in the present form till final resolution of the dispute with IFDS.

The Property, Plant and equipment includes 18 KP 10 T Capacity Forging Hammer having a residual value Rs.1,35,000, of which the company does not hold the proper document to show ownership (Refer Note 28(r))

- 11 GST Law mandates the Tax Deduction at Source (TDS) vide Section 51 of the CGST/SGST Act 2017, Section 20 of IGST Act, 2017 and Section 21 of the UTGST Act, 2017 with effect from 01.10.2018. Being a Government of Kerala owned Undertaking, the company would be a deductor of tax under section 51 of the CGST Act, 2017 read with notification No. 33/2017-Central Tax dated 15.09.2017. TDS is to be deducted at the rate of 2 percent on payments made to supplier of taxable goods and/or services, where the total value of such supply, under an individual contract, exceeds two lakhs fifty thousand rupees. The company has not deducted the taxes in some of the cases.
- 12 The closing balance of GST payable account (Note No 6) is subject to limited verification only, since the opening balances were not properly segregated and reconciled.
- 13 The company does not maintain a register for Micro, Small and Medium enterprises as referred in Note No. 43. Hence, we were unable to verify, if there were any default in payments made to the aforesaid enterprises.
- 14 The company has not appointed a whole time company secretary in the board according to the provisions of Section 203 of the Companies Act, 2013.

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

### **Other Matters**

The Company has made a detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The Company



continues to evaluate them as highly probable considering the orders in hand. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 pandemic which may be different from that estimated as at the date of approval of the financial results. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

We bring to the attention of the users that the audit of the financial statements has been performed in the aforesaid conditions.

Our audit opinion is not modified in respect of the above.

### **Information other than the financial statements and auditors' report thereon**

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditors' report thereon.

Our opinion on the 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 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.

### **Management's responsibility for the financial statements**

The Company's board of directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act.

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

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

The board of directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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 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.

### **Report on other legal and regulatory requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in **Annexure A** statement on the matters specified in paragraphs 3 and 4 of the Order.

Further, as required by the directions issued by the Comptroller and Audit General of India in terms of sub-section 143(5) of the Act, we give in the **Annexure B** a report on the matters specified in the said directions.

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure C**. Our report expresses an unmodified opinion on the adequacy and operating

effectiveness of the Company's internal financial controls over financial reporting;

- (g) The Company being a Government company, 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 respect of whether the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act is not applicable.
- (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, in our opinion and to the best of our information and according to the explanations given to us;
- a. The company has disclosed the impact of pending litigations on its financial position in its Financial Statements - Refer Note 49 To the Financial Statements.
  - b. The Company do not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Mohandas & Associates**

Chartered Accountants

ICAI Firm Registration Number: 021165

Sd/-

**G. Anoop**

Partner

Membership Number: 209804

Place of Signature: Thrissur

Date: 29/12/2021

UDIN: 22209804ADMYFD7400



## **MOHANDAS & ASSOCIATES**

Chartered Accountants

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### **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Statement referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date to the shareholders of **Steel and Industrial Forgings Limited** on the accounts for the year ended 31st March 2020)

i.

- a) The company has maintained proper records showing full particulars including quantitative details and situation of major Property, plant and equipment.
- b) The company has a regular programme of physical verification of its property, plant and equipment are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and nature of its assets. Pursuant to such program, a portion of property, plant and equipment has been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- c) In our opinion and according to the information and explanations given to us, the title deeds immovable properties are held in the name of the company.

ii.

- a) The management has conducted the physical verification of inventory at reasonable intervals.
- b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- iii. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii (a), (b) and (c) of the order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, no loans, investments, guarantees, and securities given to persons covered as per register maintained under section 189 of the Companies Act, 2013.

v. In our opinion and according to the information and explanation given to us, the company has not accepted deposits from public covered under section 73 to 76 of the Companies Act, 2013.

vi. The company is maintaining cost records specified by the Central Government of India under sub-section (1) of Section 148 of the Act.

vii. According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Goods and Service tax, Custom Duty, Excise Duty, value added tax, cess and any other statutory dues to the extent applicable, have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st March 2021 for a period of more than six months from the date they became payable except TCS collected from customers to the extent of Rs. 56,936.00.

Name of the statute	Nature of dues	Period to which the amount relates	Amount due	Due date	Date of payment
Income Tax	Tax collected at source	FY 2020- 2021	56,936	within 7 days from the last day of the month in which the tax was collected	Nil

According to the information and explanations given to us there are no material dues of duty of central excise and customs which have not been deposited with the appropriate authorities own account of any dispute. However, according to information and explanation given to us, the following dues of Income tax, Sales tax, Service tax have not been deposited by the company on account of disputes.

Nature of the Statute	Nature of dues	Amount (in Lakhs)	Period to Which the amount relates	Forum where dispute pending
Income Tax Act, 1961	Income Tax	Nil (The demand amount of ₹ 47.88 lakhs has been adjusted from refund of advance tax/TDS)	AY 2013-14	Commissioner of Income Tax (appeals), Thrissur
Income Tax Act, 1961	Income Tax	Nil	AY 2014-15	Commissioner of Income Tax (appeals), Thrissur
Income Tax Act, 1961	Income Tax	Nil	AY 2015-16	Commissioner of Income Tax (appeals), Thrissur

viii. In our opinion and according to the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank, Government or debenture holders, as applicable to the company.

ix. According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments.



- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or by the officers and employees of the Company has been noticed or reported during the year.
- fraud by the company or by the officers and employees of the Company has been noticed or reported during the year.
- xi. The company is a Government company and hence provision of section 197 read with schedule V of the Companies Act are not applicable. Accordingly, paragraph 3(xi) of the order is not applicable.
- xii. In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- xvi. According to the information and explanations given to us, the Company is not required to register, under section 45-1A of the Reserve Bank of India Act, 1934.

**For Mohandas & Associates**

Chartered Accountants

ICAI Firm Registration Number: 02116S

Sd/-

**G Anoop**

Partner

Membership Number: 209804

Place of Signature: Thrissur

Date: 29/12/2021

UDIN: 22209804ADMYFD7400

**MOHANDAS & ASSOCIATES**

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**ANNEXURE B FORMING PART OF THE INDEPENDENT AUDITORS'  
REPORT TO THE MEMBERS OF STEEL & INDUSTRIAL FORGINGS LIMITED,  
THRISSUR FOR THE YEAR ENDED 31ST MARCH 2021**

**Annexure B Referred to in our report of even date on the financial Statements for the year ended 31st March 2021.**

1. Whether the company has system in place to process all the accounting transactions through IT system. If yes, the implications of processing of accounting transactions outside IT system on the integrity of accounts along with the financial implications, if any, may be stated.

The company has a proper and integral system to maintain and process all the accounting transactions through the IT system except Inventory. The Inventory is separately maintained in an Excel workbook and not integrated with the IT system.

However, it is suggested to reinforce the authorization policy and establish a proper access control list to ensure the security and effectiveness of the system.

2. Whether there is any restructuring of an existing loan or cases of waiver/write off of debt/loans/ interest/etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.

As per the explanations and information given to us, there are no restructured loans or cases of waiver/write off debts/loans/interest etc. made during the year.

3. Whether funds received / receivable for specific schemes from Central/ State agencies were properly accounted for/utilized as per its terms and conditions?

Funds received / receivable for specific schemes from Central/ State agencies were properly accounted for/utilized as per its terms and conditions. However, certain amounts from Treasury Account which was allowed for Heat Treatment Plant has been utilized for paying off some trade creditors. As per the explanations and information provided to us, aforesaid amount is only to the extent of money already spend on Heat Treatment plant from Company's own fund before release of Government loan.

**Manufacturing Sector**

- 1) Whether the Company's pricing policy absorbs all fixed and variable cost of production as well as the allocation of overhead.

The Company adopts a pricing policy in such a way that the entire variable cost plus 20% towards fixed expenses and overhead on each unit is absorbed for some products according to the market conditions as per management's discretion. And for all other products have been absorbed the entire fixed and variable cost during the year under review.

- 2) Whether the company has utilized the Government, assistance for technology upgradation / modernization of its manufacturing process and timely submitted the utilization certificates.



During the year under review the Company has not received any assistance for upgradation / modernization.

- 3) Whether the Company fixed norms for normal losses and a system for evaluation of abnormal losses for remedial action is in existence.

There is a system for the Company to fix the norms for normal losses and evaluation of abnormal losses.

- 4) What is the system of valuation of by-product and finished product? List out the cases of deviation from its declared policy.

As per the explanation and information given to us, the Company is not having any by-product and hence system of valuation of by-product doesn't arise.

The finished goods are valued at cost or net realizable value, whichever is lower. Actual raw material involved in each unit of output is ascertained and valued at cost. Conversion costs are charged to each unit of production on the basis of actual net production during the period. The overhead is allocated on the basis of assessed realistic production capacity. The cost thus arrived is compared with net realizable value. There were no cases of deviation from declared policy.

- 5) Whether the effect of deteriorated stores and spares of closed units been properly accounted for in the books.

During the year under review there is no units closed. Accordingly, this is not applicable for the Company.

- 6) Whether the Company has an effective system for physical verification, valuation of stock, treatment of non-moving items and accounting effect of shortage / excess noticed during physical verification.

The Company is having a system of physical verification, valuation of stock, treatment of non-moving items and accounting effect of shortage / excess noticed during physical verification. Physical verification conducted at the end of the year only.

- 7) State the extent of utilization of plant and machinery during the year vis-à-vis installed capacity.

a. Installed Capacity	Tonne	7950
b. Production	Tonne	1420
c. Percentage of utilization		17.86%

- 8) Report of the cases of discounts / commission in regard to debtors and creditors where the Company has deviated from its laid down policy.

The company has not offered any discount or commission in regard to debtors and creditors during the year. The company is not having any laid down policy in this respect.

For **Mohandas & Associates**

Chartered Accountants

ICAI Firm Registration Number: 02116S

Sd/-

**G Anoop**

Partner

Membership Number: 209804

Place of Signature: Thrissur

Date:29/12/2021

UDIN: 22209804ADMYFD7400

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**ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE  
FINANCIAL STATEMENTS OF STEEL AND INDUSTRIAL FORGINGS LIMITED****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of  
the Companies Act, 2013("the act")**

We have audited the internal financial controls over financial reporting of **Steel and Industrial Forgings Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting [the "Guidance Note"] and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls 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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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, 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 at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

However, it is suggested to establish a proper access control list in the system to ensure the security and effectiveness of controls.

### **For Mohandas & Associates**

Chartered Accountants

ICAI Firm Registration Number: 02116S

Sd/-

**G Anoop**

Partner

Membership Number: 209804

Place of Signature: Thrissur

Date: 29/12/2021

UDIN: 22209804ADMYFD7400

**STEEL AND INDUSTRIAL FORGINGS LTD**  
**ADDENDUM TO THE DIRECTORS' REPORT FOR THE YEAR 2020-21**

**Dated 29/12/2021**

The Auditors Report-Ref	Qualification made by statutory Auditors	Reply by the company
1	Trade payables, advances from customers, creditors for capital goods and trade receivables, outstanding capital expenses shown under outstanding liabilities, certain amounts of outstanding expenses, amounts in other payables, advances to others, claim receivables and Adhoc advances equivalent to IR are subject to confirmation	This has been disclosed in Notes.
2	Advance to Government Companies amounting to Rs.24.53 Lakhs included under the Long term loans and advances(Note 9) is subject to Confirmation	Confirmation of balance were sought from the Government Companies.
3	The company had availed import duty exemption under EPCG scheme. The duty saved under this Scheme is Rs. 436.35 lakhs. Under the EPCG Scheme the Company have to fulfill an export obligation of 6 times of the duty saved on import of capital goods within a period of 6 years for value of Rs. 2618.11 lakhs (1 <sup>st</sup> to 4 <sup>th</sup> year- 50% and 5 <sup>th</sup> to 6 <sup>th</sup> year -50%) from the date of authorization - 27-09-2013. In the event of any failure in export obligation, company is liable to pay the exempted duty of Rs. 436.35 lakhs along with interest as fixed by the department. The block of 6 years is ended on 26-09-2019.The company failed to achieve the export obligation. The request submitted by the Company to get extension of 5 years is not yet accepted. If the liability is initiated by the department the company will be liable to pay Rs. 363.21 lakhs along with interest Rs.471.25 Lakhs and the loss would increase by Rs.834.46 Lakhs. No Provision has been made for the same in the current year. (Refer Note No:28(r))	1. We have submitted our representation to PRC (Policy Relaxation Committee) for the extension of the Export Obligation period for 5 years from the date of initial expiry (26/09/2019) or 2 years from the date of endorsement of extension and also relaxation to various conditions. 2. We are expecting to get export orders and the export sales can be increased in the coming periods to fulfill the export obligation by extending the period of obligation
4	The variable flow control device at a cost of Rs.16,68,447.95 being machinery installed during the financial year 2006-07 is included in capital work on progress(note 10), ought to have been written off as there is no beneficial use to be derived from this asset. This has resulted in understatement of loss and corresponding overstatement in Capital work in progress.	The matter is under Litigation.
5	The company has considered an expenses of Rs.20,00,000 in nature of bank charges as processing charges receivable (Note No:9) during the FY 2019-20 assuming, it would be refunded by State Bank Of India. The request submitted by company for facilitating the compensation is now under consideration of Head Office Of State Bank Of India. If the request is rejected by the Bank, The loss of company will increase to the extent of Rs.20,00,000.	Submitted the letter to SBI



6	The Company has only provided Rs.1,68,37,733 for leave encashment against required provision of Rs.2,08,96,476 as per Actuarial Report. This has resulted in understatement of liability and corresponding overstatement of profit to the tune of Rs.40,58,743.	The short provision will be rectified in the next year.
7	The cumulative financial impact of aforesaid qualifications amounts to Rs.911.72 Lakhs. If the same has been impacted the statement of profit and loss would have shown a loss of Rs.897.02 Lakhs against the reported profit of Rs.14.70 Lakhs	All the efforts will be made to minimize loss to the possible extent in the ensuing years
8	The Company has accounted an amount of Rs.208.33 lakhs payable to Steel Industrial Kerala Limited, Athani with regard to construction of factory building of HT plant without obtaining and verifying work measurements in Measurement book, Tax Invoice, Material Consumption Statements etc. and the aforesaid amount was also paid by the Company and there is no amount pending in the books of accounts. However, as per the latest communication from Steel Industrial Kerala Limited, the amount corresponding to total work completed is equal to Rs.267 lakhs excluding GST which is not in conformity with the books of accounts of the Company. This has resulted in the understatement of liability to that extent and a corresponding understatement of Fixed Asset.	Noted
9	An amount of Rs.2,96,183.35 shown Liquidation of TETCOS (Note No 6) has been outstanding for a long period and the probability of paying off the liability is negligible. Taking the fact into consideration the Liability is overstated to the tune of the above.	Noted
10	<p>Property, Plant and Equipment include 18 KP 10 T Capacity Forging Hammer, of which the title is under dispute. Though the Lessor M/s.India Forge and Drop Stampings Ltd., Chennai (IFDS) have not concluded sale/Transfer of title formalities, the company (SIFL) had exercised the option in 1988-89 to buy the 18 KP 10T capacity Forging Hammer on expiry of the lease period and this main production equipment of the company has been in continuous use. A considered decision was taken to capitalize the 10T Forging Hammer as on 01.04.2002 at a gross block of Rs.27 Lakhs (equivalent to the Interest-Free Security Deposit furnished to IFDS in this context and carried forward in SIFL's audited accounts as on 31.02.2002) with corresponding credit to outstanding liability, retaining the security deposit of Rs.27 Lakhs in the present form till final resolution of the dispute with IFDS.</p> <p>The Property, Plant and Equipment includes 18KP 10T Capacity Forging Hammer having a residual value Rs.1,35,000,of which the company does not hold the proper document to show ownership(Refer Note 28 (r))</p>	The matter is under Litigation with IFDS details of which has been disclosed in Note 28(q) (2).

11	GST Law mandates the Tax Deduction at Source (TDS) vide Section 51 of the CGST/SGST Act 2017, Section 20 of IGST Act, 2017 and Section 21 of the UTGST Act 2017, with effect from 01.10.2018. Being a Government of Kerala owned Undertaking, the company would be a deductor of tax under Section 51 of the CGST Act, 2017 read with notification no-33/2017-Central tax dated 15.09.2017. TDS is to be deducted at the rate of 2 percent on payments made to supplier of taxable goods and /or services, where the total value of such supply under an individual contract, exceeds two lakhs fifty thousand rupees. The company has not deducted the taxes in some of the cases	On our verification there was no, such deduction is required as the individual contract does not exceed the threshold limit of Rs.250000
12	The closing balance of GST payable account (Note No 6) is subject to limited verification only, since the opening balances were not properly segregated and reconciled.	Noted
13	The company does not maintain a register for Micro, Small and Medium enterprises as referred in Note No: 43. Hence we were unable to verify, If there were any default in payments made to the aforesaid enterprises.	This has disclosed in notes
14	The Company has not appointed a whole time Company Secretary in the board according to the provisions of Section 203 of the Companies Act, 2013	Noted

BY order of the Board of Directors

Sd/-  
**Asokan K**  
(DIN:09267049)  
Chairman



सत्यमेव जयते

**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT II)  
KERALA, THIRUVANANTHAPURAM**


**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL  
STATEMENTS OF STEEL AND INDUSTRIAL FORGINGS LIMITED, THRISSUR FOR  
THE YEAR ENDED 31 MARCH 2021**

The preparation of financial statements of **Steel And Industrial Forgings Limited, Thrissur** for the year ended **31 March 2021** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **29 December 2021**.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of **Steel And Industrial Forgings Limited, Thrissur** for the year ended **31 March 2021** under Section 143(6)(a) of the Act.

*For and on behalf of the  
Comptroller and Auditor General of India*

**Thiruvananthapuram  
Dated:02.06.2022**

  
**Dr. BIJU JACOB  
PRINCIPAL ACCOUNTANT GENERAL (AUDIT II)  
KERALA**



**STEEL AND INDUSTRIAL FORGINGS LTD.**

**BALANCE SHEET AS ON 31.03.2021**

Particulars	Note No	31.03.2021	31.03.2020
<b>I EQUITY AND LIABILITIES</b>			
<b>1) Shareholder's Funds</b>			
a) Share Capital	1	30,06,59,200.00	30,06,59,200.00
b) Reserves and Surplus	2	6,68,40,831.48	6,55,90,135.85
c) Share application money pending allotment		-	-
		<b>36,75,00,031.48</b>	<b>36,62,49,335.85</b>
<b>2) Non - Current Liabilities</b>			
a) Long - term borrowings	3	20,83,44,737.26	7,96,72,382.16
b) Deffered tax liabilities		-	-
		<b>20,83,44,737.26</b>	<b>7,96,72,382.16</b>
<b>3) Current Liabilities</b>			
a) Short Term Borrowings	4	13,20,17,784.47	18,72,63,724.37
b) Trade Payables	5	10,15,57,424.80	14,04,49,514.46
c) Other current liabilities	6	10,49,47,259.26	11,86,05,308.25
d) Short-term provisions	7	6,01,95,589.34	6,01,99,614.46
		<b>39,87,18,057.87</b>	<b>50,65,18,161.54</b>
<b>Total</b>		<b>97,45,62,826.61</b>	<b>95,24,39,879.55</b>
<b>II ASSETS</b>			
<b>1) Non - Current assets</b>			
a) Fixed Assets			
i) Property, plant & Equipment	26	31,66,25,484.69	26,22,16,508.03
ii) Capital work-in-progress	10	16,98,447.95	5,43,18,794.33
b) Deferred Tax Asset	8	3,23,11,552.59	3,23,01,764.59
c) Long term loans and advances	9	96,38,561.04	79,99,322.04
d) Non Current Investments		-	-
		<b>36,02,74,046.27</b>	<b>35,68,36,388.99</b>
<b>2) Current assets</b>			
a) Inventories	11	34,61,93,248.00	32,90,59,859.84
b) Trade receivables	12	21,92,81,439.37	17,78,45,543.10
c) Cash and cash equivalents	13	65,34,604.53	1,19,08,330.58
d) Short -term loans and advances	14	3,71,80,420.03	4,17,16,404.63
e) Other current assets	15	50,99,068.41	3,50,73,352.41
		<b>61,42,88,780.34</b>	<b>59,56,03,490.56</b>
<b>Total</b>		<b>97,45,62,826.61</b>	<b>95,24,39,879.55</b>

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The accompanying notes & annexures are an integral part of the financial statements.

As per our report of even date

**For Mohandas & Associates**

Chartered Accountants

Firm registration number : 021165

Sd/-

**G Anoop**

Partner

Membership no.: 209804

Place: Thrissur

Date: 29/12/2021

UDIN : 22209804ADMYFD7400

For and on behalf of the board of directors of  
Steel and Industrial Forgings Ltd.

Sd/-

**CDR.P. Suresh (Retd)**

Managing Director

(DIN: 03130236)

Sd/-

**Asokan.K**

Chairman

(DIN: 09267049)

Sd/-

**CMA. Santhosh.N**

Manager Finance



**STEEL AND INDUSTRIAL FORGINGS LTD.**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2021**

Particulars	Note No	As at 31.03.2021	As at 31.03.2020
<b>I Revenue from Operations</b>			
a) Sale of Product	16	35,01,37,800.19	33,08,63,574.77
b) Sale of services	16	10,84,71,579.22	12,40,64,023.84
c) Other Operating Revenue	16	8,17,159.00	3,33,562.00
<b>Total (I)</b>		<b>45,94,26,538.41</b>	<b>45,52,61,160.61</b>
<b>II Other Income</b>			
a) Interest Income	17	14,07,003.00	13,06,537.02
b) Other Non Operating Income	17	5,23,162.15	14,78,626.74
<b>Total (II)</b>		<b>19,30,165.15</b>	<b>27,85,163.76</b>
<b>III. Total Revenue (I+II)</b>		<b>46,13,56,703.56</b>	<b>45,80,46,324.37</b>
<b>IV Expense :</b>			
a) Cost of materials consumed	18	14,62,81,960.27	19,12,14,948.64
b) Changes in inventories of finished goods	19	(12,81,027.88)	(4,27,39,390.15)
c) Other Manufacturing expenses	20	11,11,89,763.35	13,74,12,861.71
d) Employee benefit expense	21	12,09,29,720.15	13,19,15,332.34
e) Finance Costs	22	2,13,29,589.86	2,28,23,864.40
f) Depreciation and amortization expense	26	2,28,80,576.01	2,38,58,263.79
g) Other Expense	23	3,69,47,669.17	5,03,20,559.39
<b>Total Expense</b>		<b>45,82,78,250.93</b>	<b>51,48,06,440.12</b>
V Profit before exceptional and extraordinary items and tax (III-IV)		30,78,452.63	(5,67,60,115.75)
VI Exceptional Items	24	5,36,914.00	-
VII Profit before extraordinary items and tax (V-VI)		25,41,538.63	(5,67,60,115.75)
VIII Extra ordinary items-prior period adjustment	25	10,71,269.00	-
<b>IX Profit before tax (VII - VIII)</b>		<b>14,70,269.63</b>	<b>(5,67,60,115.75)</b>
X Tax expense:			
1) Current tax		2,29,362.00	-
2) Deffered tax		9,788.00	43,60,636.84
3) Short Provision written off		-	-
XI Profit(Loss) from the period from continuing operations (VII - VIII)		12,50,695.63	(5,23,99,478.91)
XII Profit / (Loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(Loss) from discontinuing operations (XII - XIII)		-	-
<b>XV Profit / (Loss) for the period (XI+XIV)</b>		<b>12,50,695.63</b>	<b>(5,23,99,478.91)</b>
XVI Earning per equity share:			
1) Basic and Diluted		0.42	(17.43)
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The accompanying notes & annexures are an integral part of the financial statements.			
As per our report of even date		For and on behalf of the board of directors	
<b>For Mohandas &amp; Associates</b>		of Steel and Industrial Forgings Ltd.	
Chartered Accountants		Sd/-	Sd/-
Firm registration number : 021165		<b>CDR.P. Suresh (Retd)</b>	<b>Asokan.K</b>
Sd/-		Managing Director	Chairman
<b>G Anoop</b>		(DIN: 03130236)	(DIN: 09267049)
Partner			
Membership no.: 209804		Sd/-	
Place: Thrissur		<b>CMA. Santhosh.N</b>	
Date: 29/12/2021		Manager Finance	
UDIN : 22209804ADMYFD7400			

<b>STEEL AND INDUSTRIAL FORGINGS LTD.</b>		
<b>Cash flow statement for the year ended 31-March-2021</b>		
	<b>31/March/2021 (INR)</b>	<b>31/March/2020 (INR)</b>
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>14,70,269.63</b>	<b>(5,67,60,115.75)</b>
<b><u>Non-cash adjustment to reconcile profit before tax to net cash flows:</u></b>		
Depreciation and amortization	2,28,80,576.01	2,38,58,263.79
Die and Die amortisation expense	10,93,640.00	13,52,672.00
Interest on loans	2,13,29,589.86	2,28,23,864.40
Interest received on investments	(14,07,003.00)	(13,06,537.02)
Profit on sale of Fixed Asset	-	-
Provision for Earned Leave Encashment	(16,94,583.00)	15,87,686.10
Provision for Gratuity	9,90,552.00	1,40,13,057.00
Provision for Decree and interest payable	16,08,183.00	-
Share application money pending allotment written off	-	(42.00)
<b>Operating profit before working capital changes</b>	<b>4,62,71,224.50</b>	<b>55,68,848.52</b>
<b><u>Movements in working capital:</u></b>		
Increase/ (decrease) in current liabilities	(5,25,50,138.65)	6,27,48,801.28
Decrease / (increase) in short-term loans and advances	45,35,984.60	66,20,955.64
Decrease / (increase) in current assets	(2,54,32,556.55)	(7,37,04,396.14)
Increase/ (Decrease) in Short term provisions	-	-
<b>Cash generated from /(used in) operations</b>	<b>(2,71,75,486.10)</b>	<b>12,34,209.30</b>
Direct taxes paid	-	-
Less: Extra-Ordinary item(exp)/ Prior period Adjustment	(16,08,183.00)	-
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>(2,87,83,669.10)</b>	<b>12,34,209.30</b>
<b><u>Cash flows from investing activities</u></b>		
Purchase of fixed assets, including CWIP and capital advances	(2,19,04,524.60)	(4,85,41,673.84)
Investments in bank deposits (having original maturity of more than three months)	-	-
Increase in Non Current Investment	(16,39,239.00)	(23,84,939.00)
Interest received on investments	14,07,003.00	13,06,537.02
<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>(2,21,36,760.60)</b>	<b>(4,96,20,075.82)</b>
<b><u>Cash flows from financing activities</u></b>		
Long-term borrowings (net)	11,98,48,223.10	4,95,83,342.16
Short-term borrowings (net)	(5,52,45,939.90)	2,38,15,711.37
Interest on loans	(1,63,63,778.86)	(2,28,23,864.40)
<b>Net cash flow from/ (used in) in financing activities (C)</b>	<b>4,82,38,504.34</b>	<b>5,05,75,189.13</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(26,81,925.36)</b>	<b>21,89,322.61</b>
Cash and cash equivalents at the beginning of the year	50,41,325.58	28,52,003.10
<b>Cash and cash equivalents at the end of the year</b>	<b>23,59,399.53</b>	<b>50,41,325.58</b>
<b><u>Components of cash and cash equivalents</u></b>		
Cash on hand	63,299.00	62,652.00
With banks- on current account	22,96,100.53	49,78,673.58
<b>Total cash and cash equivalents (note 13)</b>	<b>23,59,399.53</b>	<b>50,41,325.58</b>



NOTE:1		
Share Capital	(INR)	(INR)
	31-March-2021	31-March-2020
<b>Authorized Shares</b> 31,00,000 Equity Shares of INR 100 Each	31,00,00,000.00	31,00,00,000.00
<b>Issued, subscribed and fully paid-up shares</b> 30,06,592 Equity Shares of INR 100 Each	30,06,59,200.00	30,06,59,200.00
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>30,06,59,200.00</b>	<b>30,06,59,200.00</b>

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity shares	31- March-2021		31-March-2020	
	Nos.	(INR)	Nos.	(INR)
At the beginning of the period	30,06,592.00	30,06,59,200.00	30,06,592.00	30,06,59,200.00
Issued during the period	-	-	-	-
Bonus issue	-	-	-	-
Preferencial allotment	-	-	-	-
Issued during the period - ESOP	-	-	-	-
Qualified Institutional Placement	-	-	-	-
<b>Outstanding at the end of the Period</b>	<b>30,06,592.00</b>	<b>30,06,59,200.00</b>	<b>30,06,592.00</b>	<b>30,06,59,200.00</b>

**b. Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of INR 100 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Details of shareholders holding more than 5% shares in the company**

	31 March 2021		31 March 2020	
	Number of shares	% holding in the class	Number of shares	% holding in the class
Government of Kerala	30,06,592.00	100%	30,06,592.00	100%

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

**NOTE:2**

Reserves and surplus	31-Mar-2021	31-Mar-2020
	(INR)	(INR)
<b>Share Capital advance</b>		
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per last financial statement	6,55,90,135.85	11,79,89,614.76
Profit the year	12,50,695.63	(5,23,99,478.91)
<b>Less: Appropriations :</b>		
Bonus Issue	-	-
Depreciation reserve	-	-
Total appropriations	-	-
<b>Net surplus in the statement of Profit and Loss</b>	<b>6,68,40,831.48</b>	<b>6,55,90,135.85</b>
<b>Total</b>	<b>6,68,40,831.48</b>	<b>6,55,90,135.85</b>

**NOTE:3**

Long Term Borrowings	NON - CURRENT		CURRENT	
	31-Mar-2021	31-Mar-2020	31-Mar-2021	31-Mar-2020
	(INR)	(INR)	(INR)	(INR)
<b>(a) Term Loan Secured from Bank</b>				
Secured Loan - SBI - 8405	-	4,32,217.00	-	22,22,250.00
Secured Loan - SBI - 9955	49,43,666.26	60,77,995.16	18,60,000.00	18,60,000.00
Covid 19 - CECL - SBI - 4463	60,366.00	-	90,00,000.00	-
Covid 19 - WTCL - SBI - 5175	2,27,29,390.00	-	86,66,700.00	-
HT Plant Loan - SBI - 7181	3,33,12,386.00	-	12,00,000.00	-
<b>(b) Unsecured Loan</b>				
<b>Government of Kerala:</b>				
Govt Loan to Heat Treatment & Screw Press Division	7,49,53,233.00	2,99,53,233.00	-	-
Govt Loan to Shornur Machining Unit	1,00,00,000.00	1,00,00,000.00	-	-
Govt Loan - Working Capital Loan 1	2,50,00,000.00	2,50,00,000.00	-	-
Govt Loan - Working Capital Loan 2	2,00,00,000.00	-	-	-
Interest Payable on Govt Loan	1,73,45,696.00	82,08,937.00	-	-
	<b>20,83,44,737.26</b>	<b>7,96,72,382.16</b>	<b>2,07,26,700.00</b>	<b>40,82,250.00</b>
The above amount include:				
Secured borrowings	6,10,45,808.26	65,10,212.16	2,07,26,700.00	40,82,250.00
Unsecured borrowings	14,72,98,929.00	7,31,62,170.00	-	-
<b>Total</b>	<b>20,83,44,737.26</b>	<b>7,96,72,382.16</b>	<b>2,07,26,700.00</b>	<b>40,82,250.00</b>

- \* The Unsecured Loan received from The Government of Kerala for Heat Treatment and Screw Press Division carries interest at the Rate of 9.5% p.a.
- \* The Unsecured Loan received from The Government of Kerala for Shornur Machining Unit carries interest at the Rate of 9.5% p.a.
- \* The Unsecured Loans received from The Government of Kerala for Working Capital Purposes carry interest at the Rate of 9.5% p.a.
- \* The Secured Loan received from SBI (8405) carries interest at the rate of 9.5% p.a. by pledging a part of the fixed assets of the Company, with a collateral security against the land and building held by the company
- \* The Secured Loan received, from SBI (CECL-4463) carries interest at the rate of 7.40% p.a; by pledging a part of the fixed assets of the Company, with a collateral security against the land and building held by the company
- \* The Secured Loan received from SBI (WCTL-5175) carries interest at the rate of 7.80%.p.a. by pledging a part of the fixed assets Of the Company, with a collateral security against the land and building held by the company
- \* The Secured Loan received from SBI (HT Plant loan- 7181) at the rate of 10.65% p.a, by pledging a part of the fixed assets of the Company, with a collateral security against the land and building held by the company
- \* The Secured Loan received from SBI (9905) carries interest at the rate of 9.5% p.a. by pledging a part of the fixed assets of the Company, with a collateral security against the land and building held by the company



<b>NOTE: 4</b>		
<b>Short Term borrowings</b>	<b>31-March-2021</b>	<b>31-March-2020</b>
	<b>(INR)</b>	<b>(INR)</b>
SBI Cash Credit A/C	10,12,74,750.47	14,39,26,283.37
ICICI - Facility for Bill Discounting under LC	1,00,16,334.00	3,92,55,191.00
<b>Current Maturity:</b>		
Secured loan - SBI	2,07,26,700.00	40,82,250.00
	<b>13,20,17,784.47</b>	<b>18,72,63,724.37</b>

<b>NOTE:5</b>		
<b>Trade Payables</b>	<b>31-March-2021</b>	<b>31-March-2020</b>
	<b>(INR)</b>	<b>(INR)</b>
a) Payable for Supplies	8,65,81,218.38	9,97,88,559.24
b) Payable for HT Plant	4,01,310.00	1,83,50,700.00
c) Bills payable Ancillary	3,98,309.00	10,37,931.00
d) Bills payable Transporters	4,91,811.00	9,80,026.00
e) Sundry Creditors (Others)	62,42,125.83	62,42,125.83
f) Sundry creditors for expenses	63,34,524.09	51,47,244.39
g) Bills payable Miscellaneous	11,08,126.50	30,50,646.00
h) Payable for Machining	-	58,52,282.00
	<b>10,15,57,424.80</b>	<b>14,04,49,514.46</b>

<b>NOTE:6</b>		
<b>Other Current Liabilities</b>	<b>31-March-2021</b>	<b>31-March-2020</b>
	<b>(INR)</b>	<b>(INR)</b>
Advance from Customers	2,24,97,899.71	2,51,84,933.98
<b>Other Liabilities</b>		
TDS payable	1,38,027.00	2,67,517.00
TCS payable	1,17,826.00	-
GST Payable	46,15,785.76	-
<b>GST TDS Payable</b>		
IGST	68,341.78	32,287.00
CGST	22,869.47	41,866.01
SGST	22,869.47	41,866.01
Kerala Flood Cess payable	140.91	1,449.00
Outstanding capital expenses	27,54,427.00	2,64,21,080.00
Outstanding expenses	5,64,81,533.15	5,18,61,887.94
IFDS, Madras	83,56,435.55	78,19,521.55
Liquidation of TETCOS	2,96,183.35	2,96,183.35
Salaries and wages payable	1,65,576.86	69,735.96
Other payables	3,94,817.00	4,51,086.00
Recovered from Salary-Payable	29,30,558.25	61,15,894.45
Salary payable (CMDRF)	60,83,968.00	-
	<b>10,49,47,259.26</b>	<b>11,86,05,308.25</b>

<b>NOTE:7</b>		
<b>Short term provisions</b>	<b>31-March-2021</b>	<b>31-March-2020</b>
	<b>(INR)</b>	<b>(INR)</b>
Provision For Income Tax	2,29,362.00	-
Less: Advance Tax paid	-	-
Less: TDS Receivable	17,42,357.73	23,51,880.00
Less: TCS Receivable	1,38,878.39	-
	<b>(16,51,874.12)</b>	<b>(23,51,880.00)</b>
Provision for Leave encashment	2,23,11,400.46	2,40,05,983.46
Provision for Gratuity	3,95,36,063.00	3,85,45,511.00
	<b>6,01,95,589.34</b>	<b>6,01,99,614.46</b>

<b>NOTE: 8</b>		
<b>Deferred Tax Assets</b>	<b>31-March-2021</b>	<b>31-March-2020</b>
	<b>(INR)</b>	<b>(INR)</b>
Deferred Tax assets	3,23,11,552.59	3,23,01,764.59
	<b>3,23,11,552.59</b>	<b>3,23,01,764.59</b>

<b>NOTE: 9</b>		
<b>Long term loans and advances</b>	<b>31-March-2021</b>	<b>31-March-2020</b>
	<b>(INR)</b>	<b>(INR)</b>
<b>Security Deposit</b>		
Unsecured Considered Good		
Deposit with KSEB	44,51,786.00	29,05,688.00
Deposit with Others	11,735.00	11,735.00
<b>Other Loans and Advances</b>		
Secured Considered Good		
Advance to Govt Companies	24,53,308.04	23,60,167.04
Advance to others	2,000.00	2,000.00
Vat Input Tax on capital goods	7,19,732.00	7,19,732.00
Processing Charges Receivable-SBI	20,00,000.00	20,00,000.00
	<b>96,38,561.04</b>	<b>79,99,322.04</b>

<b>NOTE: 10</b>		
<b>Capital work in progress</b>	<b>31-March-2021</b>	<b>31-March-2020</b>
	<b>(INR)</b>	<b>(INR)</b>
VFC System	16,68,447.95	16,68,447.95
HT plant	-	5,26,50,346.38
New Corporate office	30,000.00	-
	<b>16,98,447.95</b>	<b>5,43,18,794.33</b>



**NOTE: 11**

Inventories	31-March-2021	31-March-2020
	(INR)	(INR)
Raw Materials	3,14,75,636.32	3,50,58,236.68
Stores & Spares (Inclu. Fuels)	2,85,43,953.69	2,41,36,292.44
Stock of Loose Tools	20,47,327.79	20,29,294.18
Stock of Scrap	66,34,725.45	68,66,869.84
Semi Finished Goods	8,83,29,925.18	7,70,01,237.54
Finished Goods	1,28,73,143.53	1,07,88,171.05
Stock of Die Blocks & Dies	17,00,57,398.22	15,48,69,091.22
Rejected Forgings With Customers	80,859.00	54,483.00
Work in progress (Conversion charge)	44,68,294.30	1,63,95,157.71
Stock and spares at Machining unit	16,81,984.53	18,61,026.18
	<b>34,61,93,248.00</b>	<b>32,90,59,859.84</b>

**NOTE: 12**

Trade Receivables	31-March-2021	31-March-2020
	(INR)	(INR)
<b>More than 6 Months</b>		
-Unsecured considered good	3,74,43,493.92	2,82,37,536.10
-Unsecured considered doubtful	1,94,94,105.90	1,94,94,105.90
<b>Less than 6 Months</b>		
-Unsecured considered good	18,18,37,946.45	14,96,08,008.00
	23,87,75,546.27	19,73,39,650.00
<b>Less: Provision considered doubtful</b>	1,94,94,106.90	1,94,94,106.90
	<b>21,92,81,439.37</b>	<b>17,78,45,543.10</b>

**NOTE: 13**

Cash and cash equivalents	Non-Current		Current	
	31-March-2021	31-March-2020	31-March-2021	31-March-2020
	(INR)	(INR)	(INR)	(INR)
<b>a) Balances with bank</b>				
TSB A/c No. 7551 with D. Treasury	-	-	1,99,835.00	1,99,835.00
PSTSB A/c	-	-	14,66,605.00	46,21,186.00
SBI No Lien A/c	-	-	25,425.50	43,514.50
Canara Bank	-	-	-	-
ICICI Bank Current A/c	-	-	6,077.53	15,933.08
SBI Tender A/c	-	-	4,84,452.00	3,661.00
SBI SME Branch	-	-	93,705.50	94,544.00
Margin money deposit with SBI	-	-	41,75,205.00	68,67,005.00
TSB A/c No. 1419 with D. Treasury	-	-	20,000.00	-
	-	-	<b>64,71,305.53</b>	<b>1,18,45,678.58</b>
<b>b) Cash on Hand</b>				
Cash on hand (Athani)	-	-	63,299.00	58,053.00
Cash on hand (MU)	-	-	-	4,599.00
	-	-	<b>63,299.00</b>	<b>62,652.00</b>
<b>TOTAL</b>	-	-	<b>65,34,604.53</b>	<b>1,19,08,330.58</b>

**NOTE: 14**

Short term loans and advances	31-March-2021	31-March-2020
	(INR)	(INR)
Advance to others	9,56,383.00	9,85,589.00
Claims receivable	68,58,992.47	60,78,251.47
Temporary advance	75,422.00	37,430.00
Tour Advance	11,376.00	58,389.00
Festival advance	14,37,558.00	18,69,448.00
Special advance	20,200.00	19,650.00
Additional/Ex-gratia advance	56,04,928.00	59,76,312.00
Recoverable advance	17,45,085.00	17,91,608.00
Adhoc advance equivalent to IR	8,02,054.00	2,14,054.00
Other advances	(33,683.00)	(77,051.40)
<b>Deposits</b>		
Income tax deposits	1,12,79,113.00	1,49,49,196.00
Sales Tax deposit	23,65,839.00	23,65,839.00
Service tax deposit	1,10,326.00	1,10,326.00
Deposit with P&T	1,500.00	1,500.00
DEPB Scheme	73,926.44	73,926.44
Deposit with central excise	52,030.00	52,030.00
Fringe benefit tax deposit	53,942.00	53,942.00
DLW security deposit	85,860.00	85,860.00
Other deposits	2,05,901.00	2,69,711.00
Leave encashment deposits with LIC	54,73,667.12	68,00,394.12
	<b>3,71,80,420.03</b>	<b>4,17,16,404.63</b>

**NOTE: 15**

Other Current assets	31-March-2021	31-March-2020
	(INR)	(INR)
Accrued Interest on deposits	57,589.00	1,25,230.00
Prepaid expenses	22,08,573.37	18,55,606.00
Advance to suppliers	27,00,000.00	27,00,000.00
Advance to creditors of HT Plant	-	2,26,60,621.30
GST Input Receivable	-	76,12,116.11
GST Input to be claimed	13,127.04	-
GST TDS Receivable	-	-
VAT receivable	37,173.00	37,173.00
Central excise receivable	82,606.00	82,606.00
	<b>50,99,068.41</b>	<b>3,50,73,352.41</b>



**NOTE: 16**

Revenue from Operations	31-March-2021	31-March-2020
	(INR)	(INR)
<b><u>Sale of Product</u></b>		
Sales - Domestic	29,30,38,039.25	28,72,14,585.43
Sales - Export	4,43,20,256.50	3,40,01,866.00
Sales - Scrap	1,27,79,504.44	96,47,123.34
	<b>35,01,37,800.19</b>	<b>33,08,63,574.77</b>
<b><u>Sale of Services</u></b>		
Die Development Charges Received	1,22,15,738.00	92,62,356.00
Conversion Charges Received - Inter State	7,90,69,848.02	5,88,10,498.59
Conversion Charges Received - Intra State	1,47,56,158.20	5,57,96,295.25
Income from Machining	6,67,355.00	-
Heat Treatment Lab Testing Charges	13,51,429.60	4,200.00
Income from Technical Inspection charges	-	-
Packing and Forwarding charges Received- Intra State	75,906.00	1,90,674.00
Packing and Forwarding charges Received- Inter State	41,944.00	-
Freight Received From Customers	2,93,200.40	-
	<b>10,84,71,579.22</b>	<b>12,40,64,023.84</b>
<b><u>Other Operating Revenue</u></b>		
DEPB incentive received/Export benefit as per DEP	8,17,159.00	3,33,562.00
<b>TOTAL</b>	<b>45,94,26,538.41</b>	<b>45,52,61,160.61</b>

**Note: 17**

OTHER INCOME	31-March-2021	31-March-2020
	(INR)	(INR)
<b><u>Interest Income</u></b>		
Interest from Bank	3,24,339.00	4,86,251.00
Interest from Others	6,61,718.00	1,77,239.00
Interest from LIC	4,20,946.00	6,43,047.02
	<b>14,07,003.00</b>	<b>13,06,537.02</b>
<b><u>Other Non operating Income</u></b>		
Miscellaneous Income	36,421.15	7,21,584.10
Estate Income	38,200.00	23,810.00
Claims received	-	3,08,680.00
SAFE Course fee	-	4,24,552.64
Sale of Tender forms	17,080.00	-
Liquidated Damages Recovery	4,23,546.00	-
Discount received	7,915.00	-
<b>Total</b>	<b>5,23,162.15</b>	<b>14,78,626.74</b>

<b>Note: 18</b>		
<b>Raw material Consumed</b>	<b>31-March-2021</b>	<b>31-March-2020</b>
	<b>(INR)</b>	<b>(INR)</b>
<b><u>Cost of materials consumed</u></b>		
Opening stock	3,50,58,236.68	3,02,03,356.04
Add: Purchases	14,26,99,359.91	19,60,69,829.28
Less: Closing stock	3,14,75,636.32	3,50,58,236.68
<b>Cost of material consumed</b>	<b>14,62,81,960.27</b>	<b>19,12,14,948.64</b>

<b>Note: 19</b>		
<b><u>Changes in inventories of finished goods, work-in progress and stock -in-trade</u></b>	<b>31-March-2021</b>	<b>31-March-2020</b>
	<b>(INR)</b>	<b>(INR)</b>
<b><u>Inventories at the end of the year:</u></b>		
Finished Goods	1,28,73,143.53	1,07,88,171.05
Semi-finished goods (Including Blockers)	8,83,29,925.18	7,70,01,237.54
Scrap	66,34,725.45	68,66,869.84
Stock of Rejected Forgings with Customers	80,858.57	54,483.00
Work in progress (conversion charges)	44,68,294.30	1,63,95,157.71
	<b>11,23,86,947.02</b>	<b>11,11,05,919.14</b>
<b><u>Inventories at the beginning of the year:</u></b>		
Finished Goods	1,07,88,171.05	86,85,089.00
Semi-finished goods (Including Blockers)	7,70,01,237.54	5,11,38,503.00
Scrap	68,66,869.84	33,84,745.84
Stock of Rejected Forgings with Customers	54,483.00	34,032.15
Work in progress (conversion charges)	1,63,95,157.71	51,24,159.00
	<b>11,11,05,919.14</b>	<b>6,83,66,528.99</b>
<b>Net increase/ (decrease)</b>	<b>12,81,027.88</b>	<b>4,27,39,390.15</b>

<b>Note: 20</b>		
<b>Other Manufacturing Expenses</b>	<b>31-March-2021</b>	<b>31-March-2020</b>
	<b>(INR)</b>	<b>(INR)</b>
Power	3,05,17,654.77	3,37,18,068.60
Fuel (Furnace oil and LDO)	2,70,23,074.04	3,42,35,209.81
Ancillary/subcontract/other Factory Expenses	3,27,22,403.83	3,77,68,501.07
Stores and Spares consumed	1,31,04,260.79	
Less: Transferred to Die & Die amortisation cost	<u>3,73,687.00</u>	
Die Amortisation	1,27,30,573.79	2,24,24,352.94
Loose Tools Written Off	67,94,138.00	76,11,600.78
Loose Tools Written Off	6,82,443.00	6,76,432.00
Freight Inward on Raw Material	70,262.00	-
Freight Inward on Stores & Spares	8,100.00	-
Repairs and Maintenance on Factory Building	5,36,390.52	3,74,291.34
Repairs and Maintenance on Plant and Machinery	1,04,723.40	6,04,405.17
	<b>11,11,89,763.35</b>	<b>13,74,12,861.71</b>



<b>Note: 21</b>		
<b>Employee Benefit Expenses</b>	<b>31-March-2021</b>	<b>31-March-2020</b>
	<b>(INR)</b>	<b>(INR)</b>
Salaries, Wages and Allowances	10,33,52,044.15	9,98,55,887.80
Incentive Payment	2,94,625.00	4,31,445.00
Overtime Payment	4,36,457.00	3,14,717.00
Ex-Gratia/Bonus	54,76,784.00	56,62,690.00
Attendance Bonus	6,76,234.00	6,43,797.00
Employer's Contribution to PF	1,13,44,039.00	1,13,09,857.00
Employer's Contribution to ESI	30,430.00	1,66,124.00
Employer's welfare fund Contribution	2,23,500.00	2,55,800.00
Festival Allowance	9,680.00	-
Subsistence Allowance	3,74,585.00	-
PF Administration Charges	9,45,262.00	9,41,093.00
Labour Welfare Fund Contribution	18,360.00	3,448.00
Medical Reimbursement	17,45,666.00	19,08,237.18
Leave encashment payment to Employees	2,60,401.00	4,75,022.00
Contribution paid to Gratuity Fund Trust	51,11,789.00	1,40,13,057.00
Contribution to LIC Group Leave Encashment Scheme	10,87,945.00	51,00,695.36
	<b>13,13,87,801.15</b>	<b>14,10,81,870.34</b>
Less: Transferred to Die & Die amortisation cost	1,04,58,081.00	91,66,538.00
<b>Net Employee Payments</b>	<b>12,09,29,720.15</b>	<b>13,19,15,332.34</b>

<b>Note: 22</b>		
<b>Finance Cost</b>	<b>31-March-2021</b>	<b>31-March-2020</b>
	<b>(INR)</b>	<b>(INR)</b>
Bank Charges	43,15,531.46	47,15,103.65
Interest to Bank	1,15,45,634.90	1,56,74,774.75
Interest to Others	1,12,236.00	2,37,604.00
Interest on Govt Loans	49,65,811.00	18,14,109.00
Interest on Term Loans	24,12,628.00	5,78,211.00
Exchange variation (Profit/Loss) on Export	(20,22,251.50)	(1,95,938.00)
	<b>2,13,29,589.86</b>	<b>2,28,23,864.40</b>

**Note: 23**

Other Expenses	31-March-2021	31-March-2020
	(INR)	(INR)
Project Inauguration Exp	3,686.00	-
Recruitment and Training Expenses	3,51,989.18	-
Books and Periodicals	22,311.00	28,537.00
Membership Fee	17,850.00	17,063.00
Board Meeting Expenses	51,105.62	49,609.00
Office Expenses	11,91,023.04	15,09,673.18
Directors Sitting Fee	12,988.00	16,300.00
Filing Fee	-	14,500.00
Horticultural Expenses	6,43,696.26	4,25,730.00
IT Expenses	2,99,020.10	2,24,860.70
Festival Celebration Expenses	33,695.96	76,988.84
Retainership Fee and Other Expenses	2,99,547.00	2,80,429.00
General Meeting Expenses	-	8,492.00
Energy Audit Fee & Expenses	63,000.00	-
Land Survey Expenses	10,000.00	-
Tender Expenses	68,624.00	13,925.00
Inauguration expenses	12,85,433.52	-
Donation	-	3,000.00
Sundry balances written off	-	(179.94)
COVID19 Expense A/C	39,120.78	-
Out Of Pocket Expenses	7,182.00	-
Penalty Charges For Motor Vehicle	4,520.00	-
Tel. Charges To Chairman	16,500.00	-
<b>Travelling Expenses</b>		
Tour and Travel Expenses	1,96,261.00	13,70,124.60
Conveyance Expenses	4,64,361.00	5,33,954.00
Directors Travel and Other Expenses	3,57,829.98	4,60,290.22
Canteen Subsidy/Expenses	63,42,007.97	87,24,720.65
Uniforms	1,25,400.00	1,38,490.00
Other Welfare Expenses to Employees	5,72,970.06	11,50,079.19
Repairs and Maintenance (Motor Vehicle)	4,43,586.10	4,94,332.98
Repairs and Maintenances (Others)	30,26,994.10	26,76,000.11
Repairs and Maintenance (Forge shop)	4,19,528.00	21,75,625.48
Social Service expenses	-	5,000.00
Advertisement Charges	89,200.00	6,67,398.98
Rates and Taxes	7,15,597.60	13,40,518.90
Printing and Stationery Charges	2,68,297.18	3,86,327.30
Postage and Telegram	1,11,268.42	1,80,923.60
Telephone, Telex and Fax	2,19,418.28	2,12,237.94
Insurance	25,47,541.90	20,08,992.86
Security Charges	61,68,000.00	58,83,997.00
Legal Expenses	2,93,724.00	4,64,000.00
Round off	40.85	2,464.98



<b>AUDITORS REMUNERATION</b>		
Fee for Statutory Audit	1,48,500.00	1,48,500.00
Fee for Income Tax audit	17,500.00	17,500.00
Fee for GST Audit	-	17,500.00
Fee for Internal Audit	85,000.00	85,000.00
Reimbursement of Auditors Expenses	-	31,058.00
Directors Remuneration	18,11,936.00	3,82,258.00
Hono. To Chairman	2,20,000.00	2,40,000.00
Consultancy Fee and Prof. Charges	1,20,660.00	2,01,800.00
License Fee	3,77,129.25	4,61,809.00
ISO 9000- 2001 Expenses	35,000.00	10,368.00
Electricity Charges	1,92,501.00	12,30,298.00
Stipend	18,84,656.00	47,29,235.50
AS Certification Expenses	-	1,92,996.06
Lease charges	31,500.00	31,500.00
<b>Selling Expenses</b>		
Business Promotion	17,42,340.92	27,98,597.62
Bad and Doubtful debt provided for	-	8,86,226.00
Freight & incidentals Outwards and Inwards	15,40,214.10	30,14,882.91
Customers Claims admitted (LD, Rework, Etc.)	19,57,413.00	42,34,793.73
Industry Interactive Meet	-	61,830.00
	<b>3,69,47,669.17</b>	<b>5,03,20,559.39</b>

**Note: 24**

<b>EXCEPTIONAL ITEMS</b>	<b>31-March-2021</b>	<b>31-March-2020</b>
	<b>(INR)</b>	<b>(INR)</b>
Decree amount along with interest to IFDS	5,36,914.00	-
	<b>5,36,914.00</b>	-

**NOTE: 25**

<b>EXTRA ORDINARY ITEMS - PRIOR PERIOD ADJUSTMENTS</b>	<b>31-March-2021</b>	<b>31-March-2020</b>
	<b>(INR)</b>	<b>(INR)</b>
Prior period adjustment	10,71,269.00	-
	<b>10,71,269.00</b>	-

Note: 26

**Steel Industrial Forgings Ltd. (2020-2021)**

**FIXED ASSETS**

Sl. No.	Item	GROSS BLOCK				DEPRECIATION				NET BLOCK			
		As at 1-04-2020	Additions	Deletions	As at 31-03-2021	Upto 31-3-2020	For the year 2020-21	Credited to R & S	Cr. to R & S	Deduction on Sales	Upto 31-3-2021	As at 31-03-2020	As at 31-03-2021
1	Land	1,02,416.00	-	-	102,416.00	-	-	-	-	-	-	102,416.00	102,416.00
2	Factory Building	85,650,604.00	33,267,748.00	-	118,918,352.00	32,192,820.00	2,422,488.00	-	-	-	34,615,308.00	84,303,044.00	53,457,784.00
3	Building-other than Factory bldg	3,476,123.00	-	-	3,476,123.00	779,610.00	114,624.00	-	-	-	894,234.00	2,581,889.00	2,696,513.00
4	Plant and Machinery	206,877,945.00	23,671,593.00	-	230,549,538.00	166,341,383.48	7,056,116.26	-	-	-	173,397,499.74	57,152,038.26	40,536,561.52
5	Other Factory Equipments	24,226,633.21	72,899.16	-	24,226,633.21	16,595,936.59	1,147,014.68	-	-	-	17,742,951.27	6,483,681.94	7,630,696.62
6	Furniture & Fixtures	5,898,618.20	-	-	5,971,517.36	4,540,777.93	319,322.65	-	-	-	4,860,100.58	1,111,416.78	1,357,840.27
7	Furniture & Fixtures (LO)	79,520.00	-	-	79,520.00	59,637.00	8,204.00	-	-	-	67,841.00	11,679.00	19,883.00
8	Vehicles	3,655,159.00	-	-	3,655,159.00	3,472,401.00	-	-	-	-	3,472,401.00	182,758.00	182,758.00
9	Office Equipments	2,128,219.00	-	-	2,128,219.00	1,995,113.00	14,577.00	-	-	-	2,009,690.00	118,529.00	133,106.00
10	Electrical Installations	18,039,893.02	4,643,478.00	-	22,683,371.02	12,771,322.00	1,216,759.00	-	-	-	13,988,081.00	8,695,290.02	5,268,571.02
11	Borewell & Water Supply System	753,354.48	-	-	753,354.48	689,321.00	8,397.00	-	-	-	697,718.00	55,636.48	64,033.48
12	Mobile Equipments	25,834,101.00	-	-	25,834,101.00	14,167,278.00	1,962,483.00	-	-	-	16,129,761.00	9,704,340.00	11,666,823.00
13	Cycle	6,383.00	-	-	6,383.00	6,383.00	-	-	-	-	6,383.00	-	-
14	Library Books	282,049.00	-	-	282,049.00	282,049.00	-	-	-	-	282,049.00	-	-
15	Canteen Equipments	681,535.00	-	-	681,535.00	681,535.00	-	-	-	-	681,535.00	-	-
16	E.D.P. Machines	10,172,662.20	63,700.00	-	10,236,362.20	8,213,659.12	826,904.42	-	-	-	9,040,563.54	1,195,798.66	1,959,003.08
17	E.D.P. Machines (LO)	17,500.00	-	-	17,500.00	16,624.00	-	-	-	-	16,624.00	876.00	876.00
18	Refrigerator: Water Cooler & AC	1,164,404.68	53,389.82	-	1,217,794.50	623,491.00	92,380.00	-	-	-	715,871.00	501,923.50	540,913.68
19	Refrigerator: Water Cooler & AC (LO)	61,650.00	-	-	61,650.00	46,774.00	6,698.00	-	-	-	53,472.00	8,178.00	14,876.00
20	LPG System	1,518,223.00	-	-	1,518,223.00	436,626.00	162,077.00	-	-	-	598,703.00	919,520.00	1,081,597.00
21	Fire Fighting System	3,288,280.00	2,393,356.00	-	5,681,636.00	764,580.00	242,691.00	-	-	-	1,007,271.00	4,674,365.00	2,523,700.00
22	Bio Gas Plant	370,000.00	-	-	370,000.00	219,358.00	26,496.00	-	-	-	245,854.00	124,146.00	150,642.00
23	Roads	3,760,668.00	1,237,322.00	-	4,997,990.00	3,284,625.00	308,143.00	-	-	-	3,592,768.00	1,405,222.00	476,043.00
24	16 T Hammer	191,498,015.00	-	-	191,498,015.00	59,346,139.00	7,764,589.00	-	-	-	67,110,728.00	124,387,287.00	132,151,876.00
25	Compound Wall	-	542,107.00	-	542,107.00	-	16,508.00	-	-	-	16,508.00	525,599.00	-
26	Electrical Substation	-	12,437,599.00	-	12,437,599.00	-	257,744.00	-	-	-	257,744.00	12,179,855.00	-
27	Asset held for disposal	200,000.00	-	-	200,000.00	-	-	-	-	-	200,000.00	200,000.00	200,000.00
	<b>Total</b>	<b>589,743,955.79</b>	<b>78,383,191.98</b>	<b>-</b>	<b>668,127,147.77</b>	<b>327,527,443.12</b>	<b>23,374,216.01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>351,701,659.13</b>	<b>316,625,488.64</b>	<b>262,216,512.67</b>

**DEPRECIATION AS PER STATEMENT OF PROFIT AND LOSS**

Particulars	Amount
Depreciation for FY 2020-21	23,974,216.01
Less: Transferred to Die amortisation	1,093,640.00
<b>Depreciation as per Statement of Profit &amp; Loss</b>	<b>22,880,576.01</b>





**STEEL AND INDUSTRIAL FORGINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021**

**27. COMPANY OVERVIEW**

Steel and Industrial Forgings Limited was incorporated on the First day of June One Thousand Nine Hundred and Eighty-Three under Companies Act, 1956 and is a company limited by shares.

The main object of the company is to promote, undertake, finance, execute and develop steel forgings industries and units in Kerala state or elsewhere, to carry on the business of designers, manufacturers, buyers, sellers, dealers, importers and exporters of all types of forgings, ferrous and non-ferrous and machines, plant and equipment for the manufacture of all types of forgings, ferrous and non-ferrous and to take up conversion, sub-contract and service in respect of all types of forgings, ferrous and non-ferrous.

**28. SIGNIFICANT ACCOUNTING POLICIES**

**a) ACCOUNTING CONVENTION**

The financial statements have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) in India and comply in all material aspects with the Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 (as amended), other pronouncements of the ICAI, the relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the operating cycle criteria set out in the Schedule III to the Companies Act 2013. Previous year figures have been regrouped and/or reclassified in accordance with current year requirements.

**b) USE OF ESTIMATES**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reporting period. Difference between, the actual results and estimates are recognized in the period in which the results are known or materialized. Changes in estimates are reflected in the consolidated financial statements in the period in which the changes are made and, if material, their effects are disclosed in the notes to the financial statements.

**c) BASIS OF VALUATION OF INVENTORIES (ACCOUNTING STANDARD 2)**

Inventories except scrap/Loose tools are valued at lower of cost or net realizable value. The cost of inventory is computed on Weighted Average Price method. Cost of finished goods and process stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Raw materials are computed on FIFO method. Loose tools are re-valued at every year adopting 25% wear and tear. Forgings which are lying in the stock for more than 3 years are valued at scrap rate. Rejected forgings are valued at realizable scrap value. Work in progress is valued at cost based on percentage completion certified by management.

Die and Die blocks are valued at cost including relevant charges such as salaries and wages of die shop personnel, stores and spares consumed for die making and depreciation on Die shop Machinery & Building. Die Amortization is normally charged to current revenue at the weighted average cost of inputs and expenses for die development and tool making, based on annual net production of all the relevant forgings, as in the past years.

The residual value of Dies & Die Blocks after necessary adjustments is carried forward and that is adequately covered by its useful life and financial worth.

The company holds the following categories of inventory as on 31/03/2021;

<b>Inventory Type</b>	<b>Carrying Amount</b>
Raw Materials	3,14,75,636.32
Stores & Spares (Incl. Fuels)	2,85,43,953.69
Stock of Loose Tools	20,47,327.79
Stock of Scrap	66,34,725.45
Semi-Finished Goods	8,83,29,925.18
Finished Goods	1,28,73,143.53
Stock of Die Blocks & Dies	17,00,57,398.22
Rejected Forgings with Customers	80,859.00
Work in progress (Conversion charge)	44,68,294.30
Stock and spares at Machining unit	16,81,984.53
	<b>34,61,93,248.00</b>

The closing inventory of finished goods/semi- finished goods/raw materials accounted are after adjustment of net shortage, if any after physical verification. The stock of stores & spares was also physically verified as at the end of the year, and the differences noticed on such verification as compared to the book stock, if any, have been properly dealt with in the books of accounts, including inventory records by carrying and valuing the same on physical stock basis.

#### **d) REVENUE RECOGNITION (ACCOUNTING STANDARD 9)**

Expenses and income considered payable and receivable respectively are generally accounted for on accrual basis. Insurance claims lodged with underwriters and medical reimbursement is accounted on settlement basis.

Sales are accounted on dispatch of goods ex-works, exclusive of the statutory GST. Sales returns are accounted on actual receipt basis, by deducting from sales.

Quality Rejections are being reckoned in the year in which such rejections are conclusively treated as scrap.

#### **e) PROPERTY, PLANT AND EQUIPMENT (ACCOUNTING STANDARD 10)**

Property, Plant and Equipment are stated at cost, less accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.



**f) DEPRECIATION (ACCOUNTING STANDARD 10)**

The company has adjusted the useful life as per the following table as prescribed on Schedule II for charging depreciation following straight line method.

<b>Nature of Asset</b>	<b>Useful life in years</b>
Building	30 years
Building (Temporary structure)	5 years
Carpeted Road	10 years
Factory equipment	15 years
Office equipment	5 Years
Computer	3 Years
Electrical Fittings	10 Years
Plant and Machinery	15 Years
Furniture and fittings	10 Years
Vehicle	8 Years

Depreciation on 16 Ton Hammer is provided in two shift basis during the year 2020-2021. Depreciation on Gear Hobbing machine is provided in single shift considering its partial operation in general shift.

Extra Shift Depreciation for the current year Rs.74.75 lakhs has been included in the total depreciation for the year.

The life of 16 T hammer is taken as 30 years on the basis of the life ascertained by a Chartered Engineer, which is different from the life specified in schedule II, for Plant & Machinery at 15 years.

**g) CAPITAL WORK IN PROGRESS**

Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

**h) THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES (ACCOUNTING STANDARD 11)**

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. The exchange rate variations between transaction date and the closing date are being charged to the profit and loss account.

The trade debtors relating to export sales as on 31/03/2021 has not been restated at the prevailing rate, since the restatement does not constitute a considerable difference in the value of debtors. The exchange rate difference on settlement, recognized as income in the statement of profit and loss account for the year is Rs.20,22,251.50/-

**i) ACCOUNTING FOR GOVERNMENT GRANTS (ACCOUNTING STANDARD 12)**

Government grants are recognized only where it is reasonably certain that an entity will comply with conditions attached to the grant and that the grants will be received. Grants relating to revenue are treated as a deduction from the accrued expenses.

During the Financial year 2020-21 company has not received any grants from government.

**j) EMPLOYEE RETIREMENT BENEFITS (ACCOUNTING STANDARD 15)**

**i. Gratuity: -**

Gratuity liability under the Payment of Gratuity Act which is a defined benefit scheme is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service or part thereof in excess of six months. The scheme is funded with Life Insurance Corporation of India and operated through a trust specifically for this purpose.

The fair value of plan assets is lower than the defined benefit obligation for the year ended 31/03/2021, to the extent of Rs.51,11,789/- Accordingly, the company has made gratuity provision for Rs.51,11,789/- as on 31/03/2021.

(₹ in Lakhs)

Particulars	2020-21	2019-20
<b>Net employee benefit expenses ( Recognized in employee cost)</b>		
Present Value of past service benefit	717.93	741.5
Current Service Cost	34.33	33.12
Required fund	752.26	774.62
Less : fund Value as on renewal date	356.90	389.18
Contribution payable to LIC	395.36	385.44
Less : Contribution relating to previous year	344.24	246.52
Contribution relating to current year	49.98	138.92
Add : LIC premium relating to current year	1.13	1.21
Amount charged in the Profit and Loss a/c	51.11	140.13

**Actuarial Assumptions**

Mortality Rate	:	LIC (2006-08) ultimate
Withdrawal Rate	:	1% to 3% depending on age
Discount Rate	:	7% per annum
Salary Escalation	:	5%

**ii. Leave Encashment: -**

The company is providing leave encashment facility to employees and the future obligation is ascertained on the basis of actuarial valuation at the end of the year, the amount being ₹1,68,37,733/-.The company treats accumulated leave encashment payable, as short-term provision for measurement purposes.



(₹ in Lakhs)

Particulars	2020-21	2019-20
<b>Net employee benefit expenses (Recognized in employee cost)</b>		
Present Value of past service benefit	224.53	220.95
Current Service Cost	39.20	37.38
Required fund	263.73	258.33
Less: fund Value as on renewal date	54.77	77.44
Contribution payable to LIC	208.96	180.89
Less: Contribution relating to previous year	157.50	130.04
Contribution relating to current year	10.87	50.85
Add: LIC premium relating to current year	0.12	0.15
Amount charged in the Profit and Loss a/c	10.99	51.00

**Actuarial Assumptions**

Mortality Rate	:	LIC (2006-08) ultimate
Withdrawal Rate	:	1% to 3% depending on age
Discount Rate	:	7% per annum
Salary Escalation	:	5%

Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.

**k) BORROWING COST (ACCOUNTING STANDARD 16)**

Borrowing Costs are interest and other costs incurred by an enterprise in connection with the borrowing of funds. Borrowings costs which are directly attributable to the acquisition, construction or production of qualifying asset, are eligible for capitalization. An amount of Rs.49.64 lakh has been capitalized as borrowing cost during the FY 2020-21.

**l) SEGMENT REPORTING (ACCOUNTING STANDARD 17)**

It is noted that since the turnover of the Company for the accounting year not exceeds Rs.50 Crore, AS 17 is not applicable. However, the Company is engaged in manufacture and sale of Forgings, which as per AS 17, is considered the only reportable segment in the light of the dominant source and nature of risks and returns, location of its production facilities and assets of the Company.

**m) RELATED PARTY DISCLOSURES**

Party	Relation
ASOKAN K	Chairman
ANTONY RAJU ALPHONSE	Past Chairman
GOPI KUMAR PILLAI	Director
SURESH PULLANIKAT	Director
ANIL KUMAR SIVARAJAN	Director
XAVIER CHITILAPPILLY	Ex-Director

The relationship of state-controlled enterprise with other state-controlled enterprises is not required to be disclosed as per AS 18.

**n) LEASE**

The company is holding 3 acres of Lease hold land at Shornur from 30.08.2010 for a period of 99 years. The lease rental of Rs. 30,000/- is charged per annum with an increase of 5% of the amount last paid on completion of every 5 years.

**o) EARNINGS PER SHARE (ACCOUNTING STANDARD 20)**

In accordance with AS-20 'Earnings Per Share' issued by the ICAI, basic and diluted Earnings per share is computed using the weighted average number of equity shares outstanding during the period.

Particulars	31-03-2021	31-03-2020
Net Profit for the period attributable to equity shareholders	12,50,695.63	[5,23,99,478.91]
Weighted average number of equity shares outstanding	30,06,592.00	30,06,592.00
<b>Basic Earnings per Share</b>	0.42	[17.43]

**p) ACCOUNTING FOR TAX ON INCOME (ACCOUNTING STANDARD 22)**

Deferred Tax resulting from timing difference between book and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance sheet date. The deferred tax asset is recognized and carried forward only to the extent there is a reasonable certainty that the deferred tax assets will be realized in future.

**q) IMPAIRMENT OF ASSETS (ACCOUNTING STANDARD 28)**

Carrying amount of assets is reviewed at Balance Sheet date, if there is indication of Impairment, based on the internal and external factors. The assets are treated as impaired when the carrying amount of asset exceeds its recoverable amount. An impairment loss, if any, is charged to Statement of Profit & Loss for the year in which the asset is identified as impaired. Reversal of impairment loss recognized in prior years, is recorded when there is an indication that impairment loss recognized for the asset no longer exists or has decreased. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**r) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (ACCOUNTING STANDARD 29)**

Provisions are recognized only when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate of the amount required to settle the obligation at the Balance sheet date. Contingent Liabilities are not recognized but are disclosed and Contingent assets are neither recognized nor disclosed in the financial statements.



## 1) CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF DISPUTED DEMANDS:

	(₹ in lakhs)	
	31.03.2021	31.03.2020
Claims against the Company not acknowledged as debt		
Income tax TDS-u/s 201,220 (2)	12.73	12.73
Sales Tax previous period	0.11	0.11
SMRS arbitration	33.00	33.00
Valsan Azhikkath	4.24	4.24
Dr. Shanavas	8.34	8.34

### • Import duty exemption at EPCG scheme

At the time of importing 16T Pneumatic Hammer from M/s. NKMZ International Projects Limited, Ukraine vide. Bill of entry No. 2536269 dated 15.10.2013, the company had availed import duty exemption under EPCG scheme. The duty saved under this EPCG Scheme is Rs.436.35 lakhs. Under this EPCG Scheme the company has to fulfill an export obligation of 6 times of the duty saved on import of capital goods within a period of 6 years for value of Rs.2618.11 lakhs. Company has fulfilled 45% of export obligation, i.e Rs.1,175.68, till 31<sup>st</sup> March 2021.

In the event of any failure in export obligation, Company is liable to pay the exempted duty, proportionate to unfulfilled export obligation, amounting to Rs.363.21 lakhs along with interest as fixed by the department. Considering the present rate of interest applicable, the interest liability is estimated to be Rs. 471.25 lakhs.

The Company is in the process of getting extension to fulfill the export obligation within a tenure beginning from 26.09.2019 to 25.09.2024 (5 years from the Initial expiry) and are also seeking for relaxation of various existing provisions of EPCG. In this connection, we have made submission on 27.09.2021 to the Policy Relaxation Committee (PRC) at New Delhi for the same.

## 2) PROVISIONS

### • 18 KP 10 Ton Hammer

Property, Plant and Equipment include 18 KP 10 T Capacity Forging Hammer, of which the title is under dispute. Though the Lessor, M/s. India Forge and Drop Stampings Ltd., Chennai (IFDS) have not concluded sale/transfer of title formalities, the Company (SIFL) had exercised the option in 1988-89 to buy the 18 KP 10 T capacity Forging Hammer on expiry of the lease period and this main production equipment of the Company has been in continuous use. A considered decision was taken to capitalize the 10T Forging Hammer as on 01.04.2002 at a gross block of Rs.27 lakhs (equivalent to the Interest- free security deposit paid to IFDS in this context and carried forward in SIFL's audited accounts as on 31.03.2002) with corresponding credit to outstanding liability, retaining the security deposit of Rs.27 lakhs in the present form till final resolution of the dispute with IFDS. The Cumulative Depreciation of Rs.17.68 lakhs on this asset (from 1988-89 to 2001-02) has

been accounted for during 2002-2003 by debiting Prior Period Income/ (Expenses) Account.

The Dispute with the lessors is under court case and the company has preferred an appeal before the Honorable High Court of Kerala against the judgment dt. 24.03.99 passed by the First Additional Sub- Judge, Thrissur. The Honorable High court of Kerala in its judgment, has given an opportunity to the company to exercise purchase option as per clause 17 of the lease agreement which was prematurely exercised during the period, provided SIFL pay the decrrial amount arrived at Rs.22,37,134 along with interest @12% per annum from 24/03/1999. Even though the party has filed a special leave petition (Civil) No(s) 16948-16949 of 2018 before the Supreme court of India for stay of operation of the judgment of the High court, a liability on the part of the company is probable to arise. Hence provision for the decree amount along with interest @12% per annum from 24/3/1999 to 31/3/2021 has been provided in the accounts amounting to Rs. 83.56 Lakh.

**s) Prior Period Expenses/Income & Prepaid Expenses:**

Prior Period Expenses/Income and Prepaid Expenses up to Rs.5,000/- in each case is accounted as current expenditure/income (Previous Year Rs.5,000/-)

**29. EARNINGS IN FOREIGN CURRENCY**

PARTICULARS	2020-21	2019-20
FOB Value of exports	4,43,20,256.50	3,40,01,866.00

**30. INFORMATION ON GOODS MANUFACTURED:**

	Unit	Current Year (2020-21)	Previous Year (2019-20)
<b>Closed Die Forgings</b>			
a. Licensed Capacity	Tonne	7950	7950
b. Installed Capacity	Tonne	7950	7950
c. Assessed Realistic Production Capacity (Normal Production Capacity)	Tonne	5340	5340
d. Production	Tonne	1420	1781

Since the Company's Installed Capacity is dependent on product mix and other factors, which in turn are decided on the basis of actual demand for various products from time to time, the Installed Capacity indicated as per the relevant License may not be accurate, and it is in this background that the Company has indicated the Assessed Realistic Production Capacity as 5340 MT/annum.

**31. RAW MATERIALS CONSUMED:**

Particulars	2020-21		2019-20	
	Qty(MT)	Value (In Lakhs)	Qty(MT)	Value (In Lakhs)
Alloy Steel/Titanium Billets/Blooms	1644.858	1462.81	2007.668	1912.14



### 32. BREAKUP OF RAW MATERIALS AND STORES AND SPARES CONSUMPTION

₹ in Lakhs

Particulars	2020-21		2019-20	
	Percentage	Value	Percentage	Value
a) Raw material:				
Indigenous	100.00%	1462.81	100.00%	1912.14
Imported	-	-	-	-
b) Stores and Spares:				
Indigenous	100.00%	129.09	100.00%	224.5
Imported	-	-	-	-

### 33. PRODUCTION/SALES OF FORGINGS INCLUDING CONVERSION & EXCLUDING BLOCKERS

Sl.No	Particulars	2020-21	2019-20
		QTY	QTY
a.	Opening Physical stock (at net weight)	627	587
b.	Production net adjusted (at net weight)	1420	1781
c.	Turnover (Net) including Conversion and Die Development Charges (at Net Weight)	1403	1741
d.	Closing Physical Stock	644	627

### 34.VAT INPUT TAX ON CAPITAL GOODS

The Input tax credit on Capital goods receivable from Sales tax Department as per Audited statement in Form NO.13A related for the year 2012-2013 amounting to Rs. 7,19,732 was shown as VAT input tax on Capital goods under the Long term loans and advances.

### 35.PROCESSING CHARGES RECEIVABLE - SBI

As per the Sanction letter from State Bank of India dated 22/05/2019, they have attached a condition to fully settle the right of recompense in respect rehabilitation package sanctioned by bank. With the view to remove constraints for availing the sanctioned loan we have paid conditionally the amount of Rs. 20,00,000 to State Bank of India. Subsequently we have taken up our request to consider the Right of Recompense condition favorable by exempting the company from the payment of Right to recompense. The matter is now forwarded to the Headquarters of State Bank of India for reconsideration. The aforesaid amount is shown as receivable under 'Long term loans and advances.

### 36.ICICI BANK - BILL DISCOUNTING

The company has availed a facility of Purchase bill discounting under letter of credit up to overall limits not exceeding Rs.7,00,00,000. This facility is exclusively utilized for discounting the bills of SAIL, Durgapur, one of the main suppliers.

### 37.OTHER ASSETS HELD FOR DISPOSAL

The Company had imported from USA, in the year 1984, an Induction Billet Heater (IBH). The historical cost of this specific fixed asset was Rs. 150.32 lakhs. On account of certain technical and power constraints that arose subsequent to the acquisition of the IBH, the

asset was not erected. Considering the lack of utility of the asset through its use, the Board of Directors has decided to dispose of the asset.

The Company is exploring the option of remuneratively disposing off the IBH and hence shown under 'Other Assets held for Disposal'. As prescribed under AS-10 (Property, plant and equipment) the IBH has been carried at a value not exceeding the amount expected to be realized through a sale transaction. The estimated scrap value arrived at by a chartered engineer and approved valuer as on 31.3.2009 was Rs.2 lakhs and as on 31.3.2021 the same amount is retained and shown as 'Assets held for disposal' as a separate item in the tangible assets.

- 38.** Confirmation of balances were sought by the company from sundry debtors (as on 31.03.2021) and sundry creditors (as on 31.03.2021) and based on the response, reconciliation and necessary accounting adjustments have been done. In the letters to the customers/suppliers for confirmation of balance as on the balance sheet date, it is inter-alia mentioned that if their replies do not reach us by a particular date, it would be presumed that the balances shown in the letters are confirmed by the customers/suppliers. Therefore, the silent response from any of the customer/supplier only confirms the correctness of our balances as on the balance sheet date. Hence, there is no impact of any non-receipt of confirmation on the accounts of the company.
- 39.** The company has filed a suit for recovery of Rs. 9.78 lakhs due from M/s. GTN Exports Ltd, Coimbatore, and no provision is considered necessary for this amount.
- 40.** During year 2020-21, the following Amounts were received from Government towards Capex Fund and Working Capital Fund.
- Govt. has released an amount of Rs. 200 lakhs on 24/09/20 vide G.O No.713/2020/ID dated 27.08.2020 for Heat Treatment Plant.
  - Govt. has released an amount of Rs.200 lakh on 12/12/2020 vide G.O No.1026/2020/ID dated 27.11.2020 for Working Capital.
  - Govt. has released an amount of Rs. 250 lakhs on 03/02/2021 vide G.O No.44/2021/ID dated 12.01.2021 for Heat Treatment Plant.

The interest on the Govt. loan outstanding was provided @9.5 % p.a

**41. Managing Director's Remuneration:**

	(₹ in lakhs)	
	2020-21	2019-20
a) Salaries & Allowances	18.12	3.82
b) Employer's Contribution to PF	2.14	0.32

Managing Director is permitted to use the Company Car for personal use as per Rules & Regulations stipulated by the Govt. of Kerala.

- 42.** Provision has been made for the Bonus and Ex-gratia for the year 2020-21 at Rs. 27,000 per employee amounting to Rs. 54.77 Lakhs on the basis of Government directions.
- 43.** The Company has not received any intimation from "suppliers" regarding their status



under the Micro, Small and Medium Enterprises Development Act, 2006 on our letter of intimidation asking their status and hence disclosures relating to amounts unpaid, if any, as at the year-end together with interest paid/payable as required under the said Act have not been given.

- 44.** The Income Tax assessment has been completed up to the assessment year 2020-21(FY-2019-20) and CST assessment has been completed up to the financial year 2012-2013. The appeals filed by the company in respect of income tax and sale tax are at various stages before the competent authorities and the contingent liabilities have been suitably disclosed under Note no. 48
- 45.** The Company is prompt in remitting statutory dues with the appropriate Authorities. There are no undisputed amounts payable in respect of Income Tax, Customs Duty, GST, PF, ESI, etc. as on 31-03-2021 which have remained outstanding for a period of more than six months from the date they became payable except TCS collected from customers to the tune of Rs.56,936.00.
- 46.** The Land possessed and owned by the Company on the Balance Sheet Date is 9.578 Hectares (23.660 Acres) valued at Rs.1.02 lakhs which is mortgaged as collateral security for fund based and non-fund based credit facilities of Rs.37.50 crores sanctioned by State Bank of India, Paramakkavu Temple Branch, Thrissur.

**47. Die Blocks, Dies and Die Amortization**

Expenditure during the year on Die Blocks and Dies are accounted at Cost including relevant charges such as Salaries & Wages of Die Shop Personnel, estimated Stores & Spares consumed for Die Making and Depreciation on Die Shop Machinery & Building by reducing from the respective expenditure accounts. Die Amortization is normally charged to current revenue at the weighted average cost of inputs and expenses for die development and tool making, based on annual net production of all the relevant forgings, as in the past years.

In special circumstances, where Die and Tooling cost incurred by the Company are fully met by the Customers in the same year itself, the full quantity of such Dies and corresponding cost are amortized and absorbed during the said year itself, so as to match with the related income taken credit for in the current Profit and loss Account. Net Production out of such Dies in subsequent years is excluded from the Die Amortization cost.

The residual value of Dies & Die Blocks after necessary adjustments is carried forward and that is adequately covered by its useful life and financial worth.

- 48.** The prior period adjustments (Note 25) amounting to Rs. 10,71,269/- pertains to reversal of interest on Loan from Government of Kerala wrongly calculated and capitalized in previous periods.
- 49.** An amount of Rs. 60.84 Lakhs under head salary payable(CMDRF) in other current liabilities (Note 6) pertains to salary withheld as part of Salary challenge. On a subsequent order from Government, it was advised to pay back the same to employees.

### 50. Status of on-going litigations for and against Company.

With whom	Case Details	Forum where dispute is pending	Status Report	Remarks
India Forge and Drop Stampings Ltd.	10T Hammer	Supreme Court of India	Supreme court has stayed the judgment of High court of Kerala.	Provision for liability of ₹83.56 lakhs has been provided in the accounts.
GTN Exports	Regarding realization of debt	High Court of Kerala and Sub Court Coimbatore	Decided in favor of Company by Principle Sub Court, Thrissur. However, an appeal has been filed by the party against the order at High Court of Kerala and Sub Court Coimbatore.	Amount of ₹9.78 lakh is receivable in the Books of Accounts.
Assistant commissioner of Income tax circle 1(1) Thrissur	Disallowance of expenses for the AY 2013- 14	Commissioner of Income tax(appeals) Thrissur	Still pending	The additional demand of ₹47.88 Lakh has been adjusted from the refund of advance tax/TDS.
Assistant commissioner of Income tax circle 1(1) Thrissur	Disallowance of expenses for the AY 2014- 15	Commissioner of Income tax(appeals) Thrissur	Still pending	The disallowance of expenses was adjusted against the current year loss. Hence no demand payable by the company.
Assistant commissioner of Income tax circle 1(1) Thrissur	Disallowance of expenses for the AY 2015- 16	Commissioner of Income tax(appeals) Thrissur	Still pending	The disallowance of expenses was adjusted against the current year loss. Hence no demand payable by the company.
Retired Employee Mr. A Valsan	The retired employee has filed a case before the labour commissioner with respect to the gratuity.	High Court of Kerala	Trustees has deposited the gratuity amount of ₹10 lakh before the competent authority	Company has filed appeal against the order of Labour commissioner and the case at Hon'ble High Court of Kerala
V J Jose & Others P A Gopi & Others	EPF pension computation on the basis of actual salary	High Court of Kerala	Notice, Hearing	Pending for hearing



Space Makers Roofing System Pvt Ltd	Against the order of Arbitrator.	Additional District court, Fast track II	Still pending	The Disputed amount with SMRS is ₹ 33 Lakhs plus 9 % interest from march 2019 till Realization
Ex-employee Valsan A	Payment of subsistence allowance	High court of Kerala	The order of single judge was stayed by the High court.	Amount involved ₹ 4.24 lakhs shown as contingent liability
Dr. Shanavas	Payment of subsistence allowance	High court of Kerala	Pending	Amount involved ₹ 8.34 lakhs shown under contingent liability.
M/s. Savior Energy Ltd Mumbai	Quality defects of the VFC system supplied by the party	Sub Court Thrissur	Pending	The amount receivable from the party is ₹ 13.32 lakhs plus 12% interest
Eseervee Engineers Coimbatore	Cheque bouncing	JFCM Court III Thrissur	Pending	The amount receivable is ₹ 3 lakhs.

**For Mohandas & Associates**  
Chartered Accountants  
Firm Reg No: 02116S

**For and on behalf of the board of directors**

Sd/-  
**G ANOOP**  
Partner  
Membership No: 209804  
Date: 29/12/2021  
UDIN: 22209804ADMYFD7400

Sd/-  
**CDR. P. Suresh (Retd)**  
Managing Director  
(DIN: 03130236)

Sd/-  
**Asokan.K**  
Chairman  
(DIN:09267049)

Sd/-  
**CMA. Santhosh N.**



**MASTERS IN TITANIUM & SUPER ALLOY FORGINGS**  
AS 9100C: 2009-01 & ISO 9001-2015 CERTIFIED COMPANY



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