1. **Corporate information:**

   **Incon Engineers Limited** (the Company) has been incorporated on 13.02.1970. At present the Company is engaged in the business of manufacturing of Chemical process equipment and agricultural Equipment.

   These financial statements were approved by the Board of Directors and authorised for Issuance in their meeting held on May 29, 2019.

2. **Basis of Preparation:**

   These statements are prepared complying in all material respects with the notified Accounting Standards by the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and the relevant provisions of the Companies Act, 2013 and in accordance with the generally accepted accounting principles in India.

   The financial statements have been prepared on historical cost basis, except for financial instruments which have been measured at fair value at the end of each reporting period, as required by relevant Ind AS and as explained in the accounting policies mentioned below.

3. **Significant Accounting policies:**

   a) **Significant accounting estimates, assumptions and judgements:**

   The preparation of Company's financial statements requires management to make accounting estimates, assumptions and judgements that effect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures of contingencies at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities in future periods.

   **Estimates and Assumptions:**

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

   i. **Impairment of non-current assets:**

   Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal is calculated based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The value in use is sensitive to the



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

discount rate (generally weighted average cost of capital) used for the DCF model as well as the expected future cash-inflows and the growth rate used for exploration purposes.

**ii. Defined Benefit Plans:**

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

**iii. Fair Value measurement of financial instruments:**

When the fair values of financial assets and financial liabilities on reporting date cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques i.e., the DCF model. The inputs to these models are taken from observable markets.

**iv. Contingencies:**

Management judgement is required for estimating the possible inflow/outflow of resources, if any, in respect of contingencies/claims/litigations against the company/by the company as it is not possible to predict the outcome of pending matters with accuracy.

**v. Property, Plant and Equipment:**

Based on evaluations done by technical assessment team, the management has adopted the useful life and residual value of its Property, Plant and Equipment. Management believes that the assigned useful lives and residual value are reasonable.

**vi. Intangible Assets:**

Internal technical or user team assess the useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

**vii. Income Taxes:**

Management judgment is required for the calculation of provision for income taxes and deferred tax assets/liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets/liabilities. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the financial statements.

**viii. Life Time Expected Credit Loss onTrade Receivables and Other Receivables:**

Trade Receivables and Other Receivables do not carry any interest and are stated at their transaction value as reduced by life time expected credit losses ("LTECL"). Management has evaluated LTECL for different class of its debtors as follows:

| Particulars | Up to 365 Days | 365-730 Days | 730-1095 Days | 1095-1460 Days | Beyond 1460 Days |
|---|---|---|---|---|---|
| Expected loss Rate (%) | 0.00 | 50.00 | 75.00 | 100.00 | Write off |



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

**b) Current Vs Non-current classifications**

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

An asset is treated as current when it satisfies any of the following criteria:

i. Expected to be realised or intended to be sold or consumed in normal operating cycle;

ii. Held primarily for the purpose of trading;

iii. Expected to be realised within twelve months after the reporting period, or

iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

A liability is classified as current when it satisfies any of the following criteria:

i. Expected to settle the liability in normal operating cycle;

ii. Held primarily for the purpose of trading;

iii. Due to be settled within twelve months after the reporting period, or

iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. However, a period of 12 months is considered as ultimate operating cycle.

**c) Property, Plant and Equipment:**

Property, Plant and Equipment are stated at cost net of input credits, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

The company adopted cost model as its accounting policy in recognition of the property, Plant and Equipment and recognises the transaction value as the cost.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Capital work in progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date.

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the Statement of Profit and Loss. Property, Plant and Equipment which are found to be not usable or retired from active use or when no further benefits are expected from their use are removed from the books of account and the carrying value if any is charged to Statement of Profit and Loss.

Assets costing five thousand rupees or less are fully depreciated in the year of purchase.

Depreciation on Property, Plant and Equipment is provided based on the useful lives of the assets as estimated by the Management, which are in line with Schedule II to the Companies Act, 2013

Estimated useful life of the assets are as follows:

| Type of the Asset | Method of Depreciation | Useful life considered (Years) |
|---|---|---|
| Buildings | SLM | 30 |
| Plant and Equipment | SLM | 5-15 |
| Furniture and Fittings | SLM | 10 |
| Data Processing Equipment | SLM | 3-6 |
| Office Equipment | SLM | 5 |

**d) Intangibles:**

Computer software: Costs incurred towards purchase of computer software are depreciated using straight line method on management's estimate of useful lives of such software, which ranges from 3 to 5 years.

**e) Impairment of non-financial assets:**

i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

ii. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exists or have decreased.The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

**f) Leases:**

The determination of whether an agreement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

**Classification on inception of lease:**

a. Operating lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

b. Finance Lease:

A lease is classified as a financial lease where the lessor transfers substantially all the risks and rewards incidental to the ownership of the leased item.

**Accounting of Operating leases:**

a. Where the Company is the lessee:

Lease payment in case of operating leases are charged to profit and loss statement on Straight Line Basis over the lease term. In case the escalation in operating lease payments are in line with the expected general inflation rate then the lease payments are charged to statement of profit and loss instead of straight line method.

b. where the Company is the lessor:

Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Initial direct costs such as legal costs, brokerage costs, etc., are added to the carrying amount of the leased asset and recognised as an expense over the lease term.

**g) Inventories:**

i. Raw Materials, Stores and Spares and Consumables are stated at lower of Cost and Net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost in which they will be incorporated and expected to be sold at or above cost. Cost is determined on FIFO basis.

ii. Finished goods, Work in progress, Scrap, by-products, loose tools and other stock in trade are valued at lower of cost and net realizable value.

iii. Cost includes direct materials, labor and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a FIFO basis and Cost of finished goods includes excise duty wherever applicable. Cost of traded goods includes purchase and allied costs incurred to bring inventory to its present condition and location.

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

**h) Revenue recognition:**

Revenue from contracts with customers includes Sale of Goods and Services and is recognised when control of goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services.



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

Revenue is measured at the fair value of consideration received or receivable and is recognized when the control in all respects, over the Goods or Services is transferred to and accepted by the customer and the company has not retained any significant risks of ownership and future obligations with respect to such Goods or Services. Specifically, the following basis is adopted for various sources of income:

**i. Sale of goods:** Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and is disclosed net off discounts, taxes collected and returns.

**ii. Income from Services:** Revenue is recognized as and when the Services rendered as per the terms of individual Service Contract.

**iii. Interest:** Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**i) Borrowing Costs:**

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

**j) Retirement and other employee benefits:**

i. Employer's contribution to Provident Fund/Employee State Insurance which is in the nature of defined contribution scheme is expensed off when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the fund.

ii. The company operates a gratuity plan which is in the nature of defined benefit obligation. The company's liability is provided based on independent actuarial valuation on projected unit credit method made at the end of each financial year as per the requirements of Ind AS 19 on "Employee Benefits".

iii. Gratuity liability is considered as post-employment benefit expense as per Ind AS -19. Accordingly, re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in the retained earnings in the statement of changes in equity and in the balance sheet.

iv. Accumulated leaves, which are expected to be utilised within the next twelve months, are treated as short-term employee benefits. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leaves expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

**k) Earnings Per Share:**

Basic earnings per share are calculated by dividing the profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**l) Provisions:**

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provisions.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where the effect of the time of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognised as a finance cost.

**m) Contingencies:**

Where it is not probable that an inflow or an outflow of economic resources will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statement of balance sheet and is disclosed as a contingent asset or contingent liability. Possible outcomes on obligations/rights, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent assets or contingent liabilities.

**n) Taxes on Income:**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Current tax includes taxes to be paid on the profit earned during the year and for the prior periods.

Deferred income taxes are provided based on the balance sheet approach considering the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company write-off the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-off is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**o) Prior period items:**

In case prior period adjustments are material in nature the company prepares the restated financial statement as required under Ind AS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". In case of immaterial items pertaining to prior periods shown under respective items in the Statement of Profit and Loss.

**p) Cash and cash equivalents:**

Cash and cash equivalents include cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investment with original maturities of three months or less that are readily convertible to a known amount of cash which are subject to an insignificant risk of changes in value and are held for meeting short-term cash commitments.

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

**q) Segment Reporting:**

**Identification of Segments:**

The company's operating business are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serve different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate. Operating Segments are reported in a manner consistent with internal reporting provided to the Executive Manager/ Chief Operating Decision Maker(CODM).

The Board of Directors of the company has identified Managing Director as the CODM.

**Allocation of Common Costs:**

Common allocable costs are allocated to each segment according to relative contribution of each segment to the total common costs.

**Unallocated Items:**

The corporate and other segment includes general corporate income and expense items which are not allocated to any business segment.

**r) Financial instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Assets:**

**a. Initial recognition and measurement:**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

**b. Subsequent measurement:**

For the purpose of subsequent measurement, financial assets are classified in to following categories

a. Debt instruments at amortised cost

b. Debt Instruments at fair value through profit and loss (FVTPL)

c. Equity instruments at fair value through profit and loss (FVTPL)

**a. Debts Instruments at amortised cost:**

A 'Debt Instrument' is measured at the amortised cost if both the following conditions are met:

i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortisation is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

**b. Debt Instruments at Fair value through profit and loss (FVTPL):**

As per the Ind AS 101 and Ind AS 109, the Company is permitted to designate the previously recognised financial asset at initial recognition irrevocably at fair value through profit and loss on the basis of fact and circumstances that exists on the date of transition to Ind AS. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of Profit and Loss.

**c. Equity instruments at fair value through profit and loss (FVTPL):**

Equity instruments in the scope of Ind AS 109 are measured at fair value. The classification is made on initial recognition and is irrevocable. Subsequent changes in the fair values at each reporting date are recognised in the Statement of Profit and Loss.

**c. Derecognition:**

A financial asset or where applicable, a part of a financial asset is primarily derecognised when:

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

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

When the company has transferred its rights to receive cash flows from an asset or has



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

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

**d. Impairment of financial assets:**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial instruments.

Expected credit loss is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive.

The management uses a provision matrix to determine the impairment loss on the portfolio of trade and other receivables. Provision matrix is based on its historically observed expected credit loss rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Expected credit loss allowance or reversal recognised during the period is recognised as income or expense, as the case may be, in the statement of profit and loss. In case of balance sheet, it is shown as an adjustment from the specific financial asset.

**Financial liabilities:**

**a. Initial recognition and measurement:**

At initial recognition, all financial liabilities are recognised at fair value and in the case of loans, borrowings and payables, net of directly attributable transaction costs.

**b. Subsequent measurement:**

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gain or losses on liabilities held for trading are recognised in the profit or loss. The company doesn't designate any financial liability at fair value through profit or loss.

**ii. Financial liabilities at amortised cost:**

Amortised cost, in case of financial liabilities with maturity more than one year, is calculated by discounting the future cash flows with effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit and loss. Financial liability with maturity of less than one year is shown at transaction value.

**c. Derecognition:**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

**Reclassification:**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

**s) Fair Value Measurement:**

The Company measures financial instruments at fair value at each balance sheet date.

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

- ★ in the principal market for such asset or liability, or
- ★ in the absence of a principal market, in the most advantageous market which is accessible to the company.

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

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

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

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

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

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



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

## 4. PROPERTY, PLANT AND EQUIPMENT

Amount in

| | | Gross Block | | | Depreciation Block | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|
| S.No | Particulars | As at 01.04.2018 | Additions | As at 31.03.2019 | Up to 31.03.2018 | for the year | Up to 31.03.2019 | As at 31.03.2019 | As at 31.03.2018 |
| 01 | Land | 3,778,773 | - | 3,778,773 | - | - | - | 3,778,773 | 3,778,773 |
| 02 | Buildings - Factory | 5,752,171 | - | 5,752,171 | 4,060,804 | 138,763 | 4,199,567 | 1,552,604 | 1,691,367 |
| 03 | Plant and Equipment | 2,646,634 | - | 2,646,634 | 2,309,641 | 79,152 | 2,388,793 | 257,841 | 336,993 |
| 04 | Office Equipment | 18,000 | 6,718 | 24,718 | 17,310 | 2,746 | 20,056 | 4,662 | 690 |
| 05 | Data Processing Equipment | 114,873 | - | 114,873 | 86,042 | 10,765 | 96,807 | 18,066 | 28,831 |
| 06 | Furniture and Fixtures | 132,500 | - | 132,500 | 48,188 | 13,636 | 61,824 | 70,676 | 84,312 |
| | **Grand Total** | **12,442,951** | **6,718** | **12,449,669** | **6,521,985** | **245,062** | **6,767,047** | **5,682,622** | **5,920,966** |
| | **Previous Year** | **12,408,951** | **34,000** | **12,442,951** | **6,245,085** | **276,900** | **6,521,985** | **5,920,966** | **6,163,866** |

## 5. INTANGIBLE ASSETS

| | | Gross Block | | | Amortisation | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|
| S.No | Particulars | As at 31.03.2018 | Additions | As at 31.03.2019 | Up to 31.03.2018 | for the year | Up to 31.03.2019 | As at 31.03.2019 | As at 31.03.2018 |
| 01 | Computer software | 40,201 | | 40,201 | 40,201 | - | 40,201 | - | - |
| | **Grand Total** | **40,201** | **-** | **40,201** | **40,201** | **-** | **40,201** | **-** | **-** |
| | **Previous Year** | **40,201** | **-** | **40,201** | **38,192** | **2,009** | **40,201** | **-** | **2,009** |



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019 Amount in Rs.

| Sl No. | Particulars | | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|---|
| 6 | **Other financial assets - Non Current:** | | | |
| | Security Deposits | | 116,223 | 116,223 |
| | | **Total** | **116,223** | **116,223** |
| 7 | **Deferred Taxes:** | | | |
| | Net deferred tax asset/ (liability) not recognised in Balance Sheet | | | |
| | Fair value of financial assets/liabilities | | - | 1,592 |
| | Accelerated depreciation | | (1,193,289) | (1,207,855) |
| | Other disallowances | | 381,321 | 522,828 |
| | Carry forward Losses | | 2,846,293 | 3,060,617 |
| | | **Total** | **2,034,325** | **2,377,182** |

In terms of Indian Accounting Standard (Ind AS 12) - "Income Taxes" as specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, there is a net deferred tax asset as on 31st March 2019. In the absence of convincing evidence regarding the availability of sufficient taxable income in near future against which the deferred tax asset can be adjusted, the Company has not recognised the deferred tax asset arising due to unused tax losses at present.

| Sl No. | Particulars | | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|---|
| 8 | **Inventories:** | | | |
| | At Cost: | | | |
| | Raw Materials | | 88,272 | 84,340 |
| | Less: Provision for Slow Moving Inventory | | (81,292) | - |
| | Work in Progress | | 117,586 | - |
| | | **Total** | **124,566** | **84,340** |
| 9 | **Trade Receivables:** | | | |
| | Unsecured, Considered Good | | 3,450 | - |
| | | **Total** | **3,450** | **-** |
| 10 | **Cash and cash equivalents:** | | | |
| | Balances with Banks | | | |
| | - on Current Accounts | | 391,605 | 1,751,353 |
| | - on Deposit Accounts | | 66,025 | - |
| | Cash on Hand | | 4,391 | 36,624 |
| | | **Total** | **462,021** | **1,787,977** |
| 11 | **Other financial assets - Current:** | | | |
| | Margin Money Deposits | | 400,000 | 62,500 |
| | Security Deposits | | 177,300 | - |
| | Interest receivable | | 10,963 | 4,297 |
| | Staff Advances | | 7,260 | 21,250 |
| | Other receivables | | | |
| | Related parties | | 124,122 | 114,866 |
| | | **Total** | **719,645** | **202,913** |



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019 Amount in Rs.

| Sl No. | Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|
| 12 | **Other Current Assets:** | | |
| | Balance with Statutory Authorities | 29,273 | 231,964 |
| | Prepaid Expenses | 29,961 | 30,483 |
| | **Total** | **59,234** | **262,447** |
| 13 | **Equity Share Capital:** | | |
| | A. Authorised Share Capital | | |
| | 8,400,000 Equity Shares of Rs.10/- each | 84,000,000 | 84,000,000 |
| | **B. Issued, Subscribed and Fully Paid up:** | | |
| | 7,100,400 Equity Shares of Rs. 10/- each Fully paid up: | 71,004,000 | 71,004,000 |
| | **Total** | **71,004,000** | **71,004,000** |
| | **C. Paid up:** | | |
| | 4,327,100 Equity Share of Rs. 10/- each | 43,271,000 | 43,271,000 |
| | Add: Forfeited shares (amount originally paid up) | 13,866,500 | 13,866,500 |
| | Total | 57,137,500 | 57,137,500 |
| | **D. Reconciliation of the shares outstanding at the beginning and at the end of respective years:** | | |
| | In no. of Shares | | |
| | At the Beginning and at the end of the year | 4,327,100 | 4,327,100 |
| | In value of Shares | | |
| | At the Beginning and at the end of the year | 43,271,000 | 43,271,000 |

**E. Rights attached to the Equity Shares**

The company has only one class of equity shares having a face value of Rs. 10/- per share and with one vote per each share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the 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.

**F. Details of Shareholders holding morethan 5% shares in the company**

| Particulars | | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|
| Equity Shares | | | |
| Sri Sreedhar Chowdhury | - In No's | 2,057,079 | 2,057,079 |
| | - In % | 47.54 | 47.54 |



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019 Amount in Rs.

| Sl No. | Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|
| 14 | **Other Equity:** | | |
| | Capital Reserve: | | |
| | At the beginning and at the end of the year | 157,259 | 157,259 |
| | Revaluation Reserve: | | |
| | At the beginning and at the end of the year | 1,414 | 1,414 |
| | Surplus in Statement of Profit and Loss | | |
| | At the beginning of the year | (52,904,013) | (53,428,374) |
| | Profit / (Loss) for the year | (1,269,942) | 524,361 |
| | At the end of the year | **(54,173,955)** | **(52,904,013)** |
| | Other Comprehensive Income | | |
| | On Acturial Gain/(loss) on post employment benefits | | |
| | At the beginning of the year | 70,463 | 246,298 |
| | for the year | (65,665) | (175,835) |
| | At the end of the year | 4,798 | 70,463 |
| | **Total** | **(54,010,484)** | **(52,674,877)** |
| 15 | **Provisions: Non-Current:** | | |
| | Provision for employee benefits: | | |
| | Provision for Gratuity (refer Note: 31) | 239,126 | 351,945 |
| | Provision for Compensated Absences | 19,628 | 38,839 |
| | **Total** | **258,754** | **390,784** |
| 16 | **Trade Payables - Current:** | | |
| | For Supplies and Services (refer Note:32) | 301,467 | 199,733 |
| | **Total** | **301,467** | **199,733** |
| 17 | **Other financial liabilities - Current:** | | |
| | Repayable Security deposit from a related Party | 180,000 | 173,334 |
| | Salaries and Wages payable | 236,906 | 247,881 |
| | Due to Directors | 1,935,000 | - |
| | **Total** | **2,351,906** | **421,215** |



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019 — Amount in Rs.

| Sl No. | Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|
| 18 | **Other current liabilities:** | | |
| | Advance from Customers | | |
| | Related parties | - | 1,500,000 |
| | Others | 193,569 | - |
| | Statutory Liabilities | 48,986 | 48,014 |
| | GST Payable | 312,977 | 577,206 |
| | Deferred Rental Income | - | 6,183 |
| | Other Payables | 51,630 | 57,921 |
| | **Total** | **607,162** | **2,189,324** |
| 19 | **Provisions - Current:** | | |
| | Provision for employee benefits: | | |
| | Provision for Gratuity (refer Note:31) | 652,821 | 826,405 |
| | Provision for Compensated Absences | 3,024 | 18,476 |
| | Other Provisions | | |
| | Provision for warranties | 165,000 | 120,000 |
| | **Total** | **820,845** | **964,881** |
| 20 | **Commitments And Contingent Liabilities:** | | |
| | Bank guarantees | 400,000 | 62,500 |
| | Claims against the company not acknowledged as a debts | 1,788,105 | 1,768,305 |
| | **Total** | **2,188,105** | **1,830,805** |

* Represents the claims made by the customers along with interest due to deficiencies in service in earlier years and pending with various consumer forums for adjudication.

| Sl No. | Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|
| 21 | **Other Income:** | | |
| | Interest Income | | |
| | on Bank Deposits | 10,043 | 6,517 |
| | on others | 3,945 | 3,797 |
| | Other Non-operating Income (Net of Expenses) | | |
| | Rents earned | 1,014,750 | 922,380 |
| | Deferred Rental Income | 6,183 | 12,372 |
| | Provision no longer required for warranty written back | 120,000 | 1,125 |
| | **Total** | **1,154,921** | **946,191** |



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019 | Amount in Rs.

| Sl No. | Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|
| **22** | **Cost of Materials Consumed:** | | |
| | Inventory at the beginning of the year | 84,340 | 90,618 |
| | Add: Purchase of materials | 1,365,198 | 2,207,862 |
| | | 1,449,538 | 2,298,480 |
| | Less: Inventory at the end of year | 88,272 | 84,340 |
| | **Total** | **1,361,266** | **2,214,140** |
| **23** | **Change in inventories:** | | |
| | Inventory at the beginning of the year | | |
| | Finished goods | - | 104,629 |
| | Less:Written off | - | (104,629) |
| | Work in progress | - | 636,186 |
| | | - | 636,186 |
| | Inventory at the end of the year | | |
| | Work in progress | 117,586 | - |
| | | 117,586 | - |
| | **Total** | **(117,586)** | **636,186** |
| **24** | **Employee Benefits Expense:** | | |
| | Salaries, Wages and Bonus | 2,626,891 | 2,614,140 |
| | Contribution to Provident and Other Funds | 210,966 | 228,768 |
| | Staff Welfare Expenses | 47,463 | 53,846 |
| | Gratuity | 123,098 | 130,699 |
| | **Total** | **3,008,418** | **3,027,453** |
| **25** | **Finance costs:** | | |
| | Interest on rental deposit | 6,666 | 12,838 |
| | **Total** | **6,666** | **12,838** |
| **26** | **Depreciation and amortisation expense:** | | |
| | Depreciation on Property ,Plant and Equipment | 245,062 | 276,900 |
| | Amortisation of Intangible Assets | - | 2,009 |
| | **Total** | **245,062** | **278,909** |



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019 Amount in Rs.

| Sl No. | Particulars | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|
| 27 | **Other expenses:** | | |
| | Job Work Charges | 159,505 | 291,190 |
| | Power and Fuel | 116,737 | 139,957 |
| | Rates and Taxes | 182,454 | 269,496 |
| | Insurance | 28,194 | 31,216 |
| | Advertisement | 27,819 | 28,661 |
| | Communications | 47,432 | 57,653 |
| | Travelling and Conveyance | 58,690 | 56,593 |
| | Legal and Professional Charges | 939,700 | 814,537 |
| | Payments to Auditors | | |
| | as auditors | 35,000 | 35,000 |
| | for certification | 14,630 | 14,000 |
| | Repairs and Maintenance to: | | |
| | Machinery | 10,005 | 50,261 |
| | Buildings | 4,318 | 16,786 |
| | Other Assets | 16,495 | 17,189 |
| | Watch and Ward Expenses | 517,275 | 507,083 |
| | Inventory Written off | - | 104,629 |
| | Miscellaneous expenses | 499,510 | 511,034 |
| | Provision for Slow Moving Inventory | 81,292 | - |
| | Provision for Warranty | 165,000 | 120,000 |
| | **Total** | **2,904,056** | **3,065,285** |
| 28 | **Other comprehensive income:** | | |
| | Acturial Gain/(Losses) on Gratuity Expense for the year | (65,665) | (175,835) |
| | Deferred Taxes on above | - | - |
| | **Total** | **(65,665)** | **(175,835)** |
| 29 | **Earnings Per Equity Share:** | | |
| | Total Comprehensive Income for the year | (1,335,607) | 348,526 |
| | Weighted average number of equity shares of Rs 10/-each | 4,327,100 | 4,327,100 |
| | Earnings per equity share (Basic and Diluted) | (0.31) | 0.08 |



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

**30. Movements in Provisions:** **Amount in Rs.**

| PARTICULARS | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| **Gratuity: (Refer Note: 31 also)** | | |
| At the beginning of the year | 1,178,350 | 1,263,713 |
| Charge for the year | 188,763 | 306,534 |
| Released during the year | (475,166) | (391,898) |
| **At the end of the year** | **891,947** | **1,178,350** |
| **Compensated Absences:** | | |
| At the beginning of the year | 57,315 | 54,126 |
| Charge for the year | 13,543 | 18,389 |
| Released during the year | (48,206) | (15,200) |
| **At the end of the year** | **22,652** | **57,315** |
| **Warranties:** | | |
| At the beginning of the year | 120,000 | – |
| Charge for the year | 165,000 | 120,000 |
| Written Back during the year | (120,000) | – |
| **At the end of the year** | **165,000** | **120,000** |

**31. Retirement and other Benefit Obligations:** **Amount in Rs.**

| | PARTICULARS | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|
| **A.** | **Defined Contribution Plan (Expenses)** | | |
| | Contribution to Provident Fund | 163,214 | 174,944 |
| | Contribution to Employee State Insurance | 47,640 | 53,824 |

| | Post - employment Defined Benefit Plan (Gratuity) | | **Amount in Rs.** |
|---|---|---|---|
| **B.** | **PARTICULARS** | **For the year ended March 31, 2019** | **For the year ended March 31, 2018** |
| | **1. Movement in Obligation** | | |
| | Present Value of Obligation at the beginning of year | 1,178,350 | 1,263,713 |
| | Current Service Cost | 47,837 | 50,617 |
| | Interest Cost | 75,261 | 80,082 |
| | Benefits Paid | (475,166) | (391,898) |
| | Actuarial (Gain)/Loss on Obligation | 65,665 | 175,835 |
| | Present Value of Obligation at the end of year | **891,947** | **1,178,350** |



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

| | | | |
|---|---|---|---|
| 2. | Expenses recognised in Profit and Loss Statement: | | |
| | Current Service Cost | 47,837 | 50,617 |
| | Net Interest Cost | 75,261 | 80,082 |
| | **Expense for the year** | **123,098** | **130,699** |
| **3.** | **Recognised in Other Comprehensive Income:** | **For the year ended March 31, 2019** | **For the year ended March 31, 2018** |
| | Actuarial (Gain) /loss for the year | 65,665 | 175,835 |
| | **Total Expenditure recognised** | **65,665** | **175,835** |
| **4.** | **Actuarial Assumptions for estimating Company's Defined Benefit Obligation:** | | |
| a. | Attrition Rate | PS: 0 to 40: 1 % | PS: 0 to 40: 1 % |
| b. | Discount Rate | 7.49% | 8.00% |
| c. | Expected Rate of Increase in Salary | 4.00% | 4.00% |
| d. | Retirement Age | 58 years | 58 years |
| e. | Mortality Rate | IALM (2006-08) Ult. | IALM (2006-08) Ult. |
| f. | Expected Average remaining working lives of employees (years) | 9.31 | 5.07 |

**5. Sensitivity Analysis** — **Amount in Rs.**

| **Sensitivity** | **Change** | **Effect on obligations** | |
|---|---|---|---|
| Discount Rate | +1% | (22,296) | (20,217) |
| | -1% | 25,024 | 22,360 |
| Salary Escalation Rate | +1% | 32,745 | 33,262 |
| | -1% | (30,132) | (31,091) |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as and when calculating the defined benefit obligation recognised within the Balance Sheet.

| | | | |
|---|---|---|---|
| **6.** | **Expected Payout - Gratuity** | | |
| | Expected payments - 1st Year | 652,821 | 8,160 |
| | Expected payments - 2nd Year | 5,092 | 8,626 |
| | Expected payments - 3rd Year | 5,531 | 4,252 |
| | Expected payments - 4th Year | 6,003 | 4,495 |
| | Expected payments - 5th Year | 6,355 | 4,757 |
| | Expected payments - 6th year to 10th Year | 201,722 | 19,164 |



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

7. Other Information:

**i. Plan Assets:**

At present the company has not invested any amount in plan assets.

**ii. Present value of defined benefit obligation:**

Present value of the defined benefit obligation is calculated by using Projected Unit Credit method (PUC Method). Under the PUC method a "projected accrued benefit" is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the Plan. The "projected accrued benefit" is based on the Plan's accrual formula and upon service as of the beginning or end of the year but using a member's final compensation projected to the age at which the employee is assumed to leave active service. The Plan Liability is the actuarial present value of the "projected accrued benefits" as of the beginning of the year for active members.

**iii. Expected average remaining service Vs. Average Remaining Future Service:**

The average remaining service can be arithmetically arrived by deducting current age from normal retirement age whereas the expected average remaining future service is arrived actuarially by applying multiple decrements to the average remaining future service namely mortality and withdrawals. Thus, the expected average remaining service is always less than the average remaining future service.

**iv. Current and Non- Current Liability:**

The total of current and non-current liability must be equal with the total of PVO (Present value obligation) at the end of the period. It has been classified in terms of Schedule III of the Companies Act 2013.

Accordingly, below is the Current and Non-Current classification of Gratuity and Compensated Absences:

**Amount in Rs.**

| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| ***Gratuity: -*** | | |
| a. Current Portion | 652,821 | 826,405 |
| b. Non-current portion | 239,126 | 351,945 |
| **Compensated Absences: -** | | |
| a. Current Portion | 3,024 | 18,476 |
| b. Non-current portion | 19,628 | 38,839 |

V. The rate of escalation in compensation considered in the above valuation is estimated taking into account inflation, seniority, promotion and other relevant factors and the above information is as certified by an actuary.

32. Disclosure of Trade Payables under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and relied upon by the Auditors. There are no amounts due to them as at the end of the year and there is no interest paid/payable during the year by the Company in terms of section 16 of the said Act.



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

**33. INCOME TAX EXPENSE AND DEFERRED TAXES** **Amount in Rs.**

| PARTICULARS | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| **Income Tax Expense: -** | | |
| a. Current Tax | – | – |
| b. Earlier Years Tax | 55,784 | – |
| c. Deferred Tax (arising on temporary differences) | NA | NA |
| **Total Tax Expense for the year** | **55,784** | **–** |

| PARTICULARS | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| **Effective Tax Reconciliation: -** | | |
| a. Net Profit/(Loss) before taxes | (1,214,158) | 348,526 |
| b. Tax rate applicable to the company as per normal provisions | 26.00% | 25.75% |
| c. Tax expense on net profit (c = a*b) | NIL | 89,745 |
| d. Increase/(decrease) in tax expenses on account of: | | |
| i. Accelerated Depreciation | – | 27,012 |
| ii. Expenses not allowed under income tax | – | 30,900 |
| iii. Net Expenses allowed under payment basis | – | (21,160) |
| iv. Other allowances | – | – |
| v. Adjustment of brought forward losses | – | (126,497) |
| vi. Other adjustments | – | – |
| **Total Increase/(decrease) in tax expenses (d)** | **NIL** | **(89,745)** |
| **e. Tax as per normal provision under Income tax (c + d)** | **NIL** | **NIL** |

*Profit before Tax is considered as per previous GAAP which is appropriate for tax computation for that year.

**34. Fair Value of financial instruments:** **Amount in Rs.**

| PARTICULARS | | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---|---|
| **Financial Assets: -** | | | |
| **At Amortised Cost** | | | |
| Security Deposits | | 116,223 | 116,223 |
| Employee Staff Advance | | 7,260 | 21,250 |
| | | | |
| **Carrying Value** | | | |
| Security Deposits | | 116,223 | 116,223 |
| Employee Staff Advance | | 7,260 | 21,250 |
| | | | |
| **Financial Liabilities: -** | | | |
| **At Amortised Cost** | | | |
| Repayable Security Deposits | | 180,000 | 173,334 |
| | | | |
| **Carrying Value** | | | |
| Repayable Security Deposits | | 180,000 | 180,000 |



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

The management assessed that cash and cash equivalents, trade receivables, trade payables and other current assets/liabilities approximate their carrying amount largely due to the short-term maturities of these instruments.

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

Fair value of interest free loans given to employees and security deposits have been calculated by discounting future cashflows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Description of significant observable inputs to valuation:

a. Interest free employee staff advance:

   Since all the Employee advances are current in nature the carrying value is assumed to be the fair value of such advances.

b. Interest free Security Deposits (assets):

   All the non-current Security Deposits are with no repayment terms. Hence the carrying value is assumed to be the fair value of such Deposits.

c. Interest free Security Deposits (liabilities):

   Interest Rate factor has been considered at a rate of 8% p.a. by the company for discounting the amount receivable at the time of maturity.

**35. Fair Value hierarchy:**

The following table provide the fair value measurement hierarchy of the company's assets and liabilities.

Quantitative disclosures of fair value measurement hierarchy for assets as at March 31, 2019:

**Amount in Rs.**

| PARTICULARS | TOTAL | Fair Value measurement using | |
|---|---|---|---|
| | | Quoted prices in active mar-kets | Significant ob-servable inputs |
| **Financial Assets measured at Amortised Cost:** | | | |
| Security Deposits | 116,223 | | 116,223 |
| Employee Staff Advance | 7,260 | -- | 7,260 |
| | | | |
| **Financial Liability measured at Amortised Cost:** | | | |
| Repayable Security Deposits | 180,000 | -- | 180,000 |



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

Quantitative disclosures fair value measurement hierarchy for assets as at March 31st, 2019:

**Amount in Rs.**

| PARTICULARS | TOTAL | Fair Value measurement using | |
|---|---|---|---|
| | | Quoted prices in active mar-kets | Significant ob-servable inputs |
| **Financial Assets measured at Amortised Cost:** | | | |
| Security Deposits | 116,223 | – | 116,223 |
| Employee Staff Advance | 21,250 | – | 21,250 |
| | | | |
| **Financial Liability measured at Amortised Cost:** | | | |
| Repayable Security Deposits | 173,334 | – | 173,334 |

**36. Segment Information:**

The executive management of company monitors the operating results of its business as a single unit for the purpose of resource allocation and performance assessment which is "Manufacture of Chemical process equipment and agricultural Equipment". Hence segment information is not applicable.

**Entity Wide Disclosures:**

**Amount in Rs.**

| Revenue from external customers | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| India | 5,038,803 | 8,812,981 |
| Outside India | – | – |
| **Total** | **5,038,803** | **8,812,981** |
| Revenue from individual customers exceeding 10% | **4,778,522** | **6,935,347** |

| Non-Current Operating Assets | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| India | 5,682,622 | 5,920,966 |
| Outside India | – | – |
| **Total** | **5,682,622** | **5,920,966** |

for Non-Current Operating assets, financial instruments, deferred tax assets, post-employment benefit assets have been excluded.



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

**37. The details of the transactions with related parties to be disclosed as required by Indian Accounting Standard - 24 are as follows.**

**Names of the Related parties and description of relationship:**

| | | |
|---|---|---|
| i) Key Management Personnel | : Mr. Sreedhar Chowdhury | : Managing Director |
| ii) Other Related Parties | : M/s. Oxeeco Meditek Private Limited | |
| | : M/s. Oxeeco Technologies Private Limited | |
| | : M/s. The Oxygen Equipment & Engineering Company Ltd. | |
| | : M/s. Fusion Lastek Technologies Private Limited | |
| | : M/s. Fusion Chemicals & Products Private Limited | |
| | : M/s. Fusion Advanced Materials Private Limited | |
| | : M/s. Spanex products | |

**Transactions with Related Parties:** **Amount in Rs.**

| Particulars | 31.03.2019 | 31.03.2018 |
|---|---|---|
| **ii) Key Management Personnel** | | |
| **Mr. Sreedhar Chowdhury** | | |
| Advances Taken | 2,505,000 | – |
| Advances Repaid | 570,000 | 1,605,000 |
| **ii) Other Related Parties** | | |
| **M/s. Oxeeco Technologies Private Limited** | | |
| Rent Received | 1,014,750 | 922,380 |
| **M/s. Spanex products** | | |
| Advance received against orders | – | 1,500,000 |
| Advances returned | 1,500,000 | – |
| **Year end Balances {due from/ (due to )}** | | |
| 1. Mr. Sreedhar Chowdhury | (1,935,000) | – |
| 2. M/s. Oxeeco Technologies Private Limited | 124,122 | 114,866 |
| 3. M/s. Spanex products | – | 1,500,000 |

**38. Financial Risk Management objectives and policies:**

The company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk, credit risk and liquidity risk. The company's risk management policies focus on the unpredictability of financial risks and seek guidelines, where appropriate, to minimize the potential adverse impact of such risks. There has been no change to the company's exposure to these financial risks or the manner in which it manages and measures the risks.

The following sections provide the details regarding the Company's exposure to the financial risks associated with financial instruments held in the ordinary course of business and the objectives, policies and processes for the management of these risks.

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance and support the Company's operations. The Company's



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

principal financial assets include trade and other receivables and cash and cash equivalents which are derived from its operations

The company is exposed to market risk, credit risk and liquidity risk.The Company's management oversees the mitigation of the risks. The Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.The management / board reviews and agrees policies for managing each of these risks, which are summarized below.

**i. Market Risk:**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk interest rate risk and other price risks such as equity risk. Financial instruments affected by market risk include loans and advances and deposits.

**a. Interest rate risk:**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the loans and advances given by the company and Cash and Cash equivalents.

As there are no borrowings the company's policy to manage its interest cost does not arise.

The company is not exposed to significant interest risk as at the respective reporting dates.

**b. Foreign Currency Risk:**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

As there were no transactions denominated in foreign currencies in any of the reporting periods, the company is not exposed to any foreign currency risk as at the respective reporting dates.

**c. Other price risk:**

Other price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

The company based on working capital requirement keeps its liquid funds in current accounts. The company doesn't have any significant other price risk.

**ii. Credit risk:**

Credit risk is the risk of loss that may arise on outstanding financial instruments when a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposit) the Company minimise credit risk by dealing exclusively with high credit rating counterparties. The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

a. **Exposure to credit risk:**

At the end of the reporting period the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. No other financial assets carry a significant exposure to credit risk.

b. **Credit risk concentration profile:**

At the end of the reporting period there were no significant concentrations of credit risk. The maximum exposures to credit risk in relation to each class of recognised financial assets is represented by the carrying amount of each financial assets as indicated in the balance sheet.

c. **Financial assets that are neither past due nor impaired:**

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Company. Cash and short-term deposits that are neither past due nor impaired are placed with or entered with reputable banks, financial institutions or companies with high credit ratings and no history of default.

**iii. Liquidity risk:**

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The company ensures that it has sufficient cash on demand to meet expected operational demands including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

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

**Amount in Rs.**

| Particulars | On demand | < 12 months | 1 to 5 years | Total |
|---|---|---|---|---|
| **Year ended 31st March, 2019** | | | | |
| Trade Payables | – | 301,467 | – | **301,467** |
| Other financial liabilities | 1,935,000 | 416,906 | – | 2,351,906 |
| | | | | |
| **Year ended 31st March, 2018** | | | | |
| Trade Payables | – | 199,733 | – | 199,733 |
| Other financial liabilities | – | 421,215 | – | 421,215 |
| | | | | |

**Excessive Risk Concentration:**

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographical region or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor

or other conditions. Concentrations indicate the relative sensitivity of the company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

**39. Capital Management:**

Capital includes equity attributable to the equity holders of the company. The primary objective of the capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder's value.

The company manages its capital structure and make adjustments to it in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Currently the Company doesn't have loans and borrowings and maintains the entire capital in form of equity sharecapital.

**40. Standards Issued but not yet effective:**

Ministry of Corporate Affairs (MCA) through Companies (Indian Accounting Standards) Amendment Rules,2019 dated March 30,2019 has notified the Ind AS 116 - Leases effective from 01.04.2019

Ind AS 116 - Leases

Ind AS 116 will supersede the current standard Ind AS 17 -Leases and the related interpretations. Ind AS 116 sets out the principles for recognition, measurement, presentation and disclosure of Leases.

The MCA has also carried out amendments to the following Indian Accounting Standards

i. Ind AS 103 : Business Combinations
ii. Ind AS 109 : Financial Instruments
iii. Ind AS 111 : Joint Arrangements
iv. Ind AS 12 : Income Taxes
v. Ind AS 19 : Employee Benefits
vi. Ind AS 23 : Borrowing Costs
vii. Ind AS 28 : Investments in Associates and Joint Ventures.

The Company has not applied the above accounting standard and other amendments as they come into force from April 01, 2019.

The Company has evaluated the impact of the above amendments on its financial staments and found to be insignificant in nature.

---

Per our report of even date
**For K.S. Rao & Co**
Chartered Accountants
Firm Registration No.003109S

**For and on Behalf of the Board**

**T. Sukesh Kumar**
Partner
Membership No.229963

**SREEDHAR CHOWDHURY**
Managing Director

**S. MANOHAR RAJU**
Director

Place: Hyderabad
Date : 29.05.2019

CFO & Secretary



PDF compression, OCR, web optimization using a watermarked evaluation copy of CVISION PDFCompressor