(In ₹)

	Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
(c)	**Selling & Distribution Expenses**		
	Freight & labour charges	1,800,457	13,757,888
	Commission paid	-	242,000
	Designing charges	-	16,220
	Liquidation damage	36,511,257	3,580,915
	Research & Development Expenses	1,275,685	-
	Business promotion	1,249,096	1,775,621
	Advertisement	28,753	-
	Discount on sale	5,028,269	278,983
	Warranty expenses	18,137,442	14,383,000
	Total ₹	**64,030,958**	**34,034,626**
	Total ₹ (a + b +c)	**90,091,933**	**74,480,490**

NOTE 24 : CORPORATE SOCIAL RESPONSIBILITY

As per Provisions of section 135 of the Companies Act, 2013, the company has to incur at least 2% of average net profits of the preceeding three financial years towards Corporate Social Responsibility (CSR). Accordingly, a CSR committee has been formed for carrying out CSR activities as per the Schedule VII of the Companies Act, 2013. The Company has contributed a sum of ₹ 51000/- (Previous year ₹ 1,00,000/-) towards this cause and shown sefferetly in this Statement of Profit & Loss.

NOTE 25 : CORPORATE INFORMATION , ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES

1. CORPORATE INFORMATION:

Servotech Power Systems Limited ("the Company") was incorporated on 24.09.2004 as a Private Limited Company and converted in to Public Limited Company domiciled in India on 24.05.2017. Its shares are listed on NSE SME platform. The company is primarily engaged in manufacturing of LED lights and Solar power products

2. BASIS OF PREPRATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES:

(i) Basis of preparation of Financial Statements (AS1):

The financial statements are prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis. All amounts included in the financial statements are reported in absolute figures of Indian Rupees

(ii) Presentation and disclosure of financial statements:

During the year end 31st March, 2020, the Company has presented the financial statements as per the Schedule III notified under the Companies Act, 2013. The Company has also reclassified the previous figures years in accordance with the requirements applicable in the current year.

(iii) Use of estimates:

The preparation of financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, if any at the end of the reporting year. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(iv) Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The COVID-19 pandemic is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc., in several states followed by a nationwide lockdown from the 25^{th} of March 2020 announced by the Indian Government, to stop the spread of COVID-19. Due to this operation in all plant of company got temporarily disrupted. In light of these circumstances, the Company has considered the possible effects that may result from COVID-19 on the carrying amounts of financials assets, inventory, receivables, advances, property plant and equipment, Intangibles etc. as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information such as term of current contracts, financial strength of the company, future volume estimates from the business etc has been reviewed by the management. The underlying data and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued. The Company will continue to closely monitor any material changes to future economic conditions.

(v) Inventories (AS 2):

Inventories of materials including stores & spares, consumables, packing materials, components, work-in-progress, and finished goods are valued at the lower of cost and estimated net realizable value. Raw material was valued at cost (first in first out basis) or realizable value whichever is lower. Cost in case of work in progress is determined on the basis of the actual expenditure attributable to the said work till the end of the reporting period. Finished goods are value lower of cost or realisable value scrap are valued at net realisable value.

(vi) Cash and Cash Equivalents (AS 3):

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand, cheques on hand and short-term investments with an original maturity of three months or less.

(vii) Revenue recognition (AS 9):

Revenue comprises sale of materials, service income and interest. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured. The Company collects goods and service tax, as applicable on behalf of the government and therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. The company had started making provision of late delivery charges as per terms of tendors /contracts. The deductions if any from past year supplied will be accounting for the year of settlement receipts of payments.

Sales:

Revenue from sale of goods/ services is recognized in the statement of profit and loss when the significant risks and rewards in respect of ownership of goods /services has been transferred to the buyer as per the terms of the respective sales order, and the income can be measured reliably and is expected to be received.

Interest income:

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

(viii) Tangible Fixed Assets (AS 10):

Tangible Fixed assets are carried at cost of acquisition and other applicable costs less accumulated depreciation and accumulated impairment loss, if any. The cost of fixed assets includes cost of acquisition plus, any freight, taxes, duties and other incidental expenses that are directly attributable to bring the assets to their working conditions for their intended use.

When parts of the items of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to the property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

Gain/loss arising from de-recognition/sale/disposal of fixed assets are measured as the difference between the net disposal/sale proceeds and the carrying amount of the assets and are recognised in the statement of profit or loss when the asset is de-recognised/disposed off.

No assets have been revalued during the year.

(ix) Foreign Exchange Transactions (AS 11):

The company has policy to recognize difference in foreign currency in relation to material in Statment of Profit & Loss and relating to Fixed Assets addition to Fixed Assets, however there was no purchase of fixed asset against which liability has been created in foreign currency. The company has transferred difference in foreign exchange to Stateement of Profit & Loss , because those related to purchase and sale of material.

(x) Government grants and subsidies (AS 12):

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant / subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

During the year, the Company has not applied for any Grants / subsidies related to the Revenue or specific Fixed Assets nor the Company has received any such Grants / subsidies during the year.

(xi) Investments (AS 13):

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. On disposal of an investment, if any, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(xii) Retirement and other Employee benefits (AS 15):

Defined contributions to Provident Fund are charged to the statement of Profit & Loss of the year, when the employee renders the related service. There are no other obligations other than the contribution payable to the respective statutory authorities.

The company had paid ₹ 175673 as gratuity i.e. retirement benefits to its employee during the year however no certificate of actuarial valuation has been obtained. Other retirement benefits will be accounted for as and when paid. The company had not made any provision of gratuity and other retiring benifits to its employees. The same will be accounted for as and when paid

(xiii) Borrowing Costs (AS 16)

Loan processing charges paid to bank for working facilities have been charged to revenue account since the same are not attributable to the acquisition of qualifying assets as per the requirements of AS 16. Borrowing cost primarily includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

(xiv) Segment Reporting (AS 17):

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. Factors that should be considered in determining whether products or services are related include:

(a) the nature of the products or services;

(b) the nature of the production processes;

(c) the type or class of customers for the products or services; Segment Reporting

(d) the methods used to distribute the products or provide the services; and

(xv) Operating leases (AS 19):

Where the Company is a lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on the basis of the lease (rent agreements). Initial direct costs such as legal costs, brokerage costs, etc. if any, are recognized immediately in the statement of profit and loss.

Where the Company is a lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern of the benefit derived from the asset given on lease.; or the payments to the lessor are structured to increase inline with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(xvi) Earning/(loss) per share (AS 20):

Basic earnings/(loss) per share is computed by dividing the net profit / (loss) for the period attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the balance sheet date but before the date the financial statements are approved by the board of directors for the purpose of calculating diluted earnings / (loss) per share. The net profit / (loss) 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.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

(xvii) Taxation (AS 22):

Tax expense comprises 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 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences 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 realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT credit entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period in future. Separate and detailed calculation of Deferred tax is appended in Annexure A to these notes. During the F.Y. 2019-2020, the provisions of ICDS under the Income Tax Act, 1961 have been applicable to the Company and hence the provisions of Current tax have been made after considering the effects of ICDS wherever applicable. ICDS are not to be considered for maintaining the books of accounts and preparation of Financial statements.

(xviii) Impairment of tangible and Intangible Assets (AS 28):

As per the estimates made by the management and as per the various assessments made by the management, there were no indicators whether internal or external (as provided in para 8 of AS 28) which has led to the impairment loss to any assets. Since there are no such indicators which suggest that the net value of the assets would fall significantly by passage of time and normal use, the company has not provided for any impairment loss for any assets during the current financial period. The company has chosen the "value in use" technic and as per the measurement of future cash flow, the management is of the opinion that the future cash flow and the terminal value of the assets would not be significantly less than the carrying value and hence no impairment for any assets has been provided for in the financial statements.

In the opinion of the Board of Directors and to the best of their knowledge and belief the aggregate value of the current assets, loans and advances on realization in the ordinary course of business, will not be less than the amount at which they are stated in the Balance Sheet.

(xix)Provisions and contingent liabilities, Contingent assets (AS 29):

A provision is recognized when the Company has a present obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made of the amount of obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Provisions of various expenses are recognized in the financial statements since there exists present obligations as a result of event and the expenses are accrued and incurred during the year.

The opening balance of provisions is used during the year against the payments during the year. The closing balances of provisions are the expenses accrued during the year and provided.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

The Company does not recognize a contingent liability but discloses its existence in the financial statements unless the possibility of an outflow is remote. A contingent asset is not recognized in the Financial statements and hence not disclosed.

(2) CONTINGENT LIABILITES (AS CERTIFIED)

	Particulars	Current Year 31st March 2020 (RS.)	Previous Year 31st March 2019 (RS.)
A.	Claim against the company not acknowledged as debt	Nil	Nil
B.	Outstanding Letter of Credit	Nil	Nil
C.	Bank Guarantee (Performance Guarantee)	11,29,37,576	103,876,392
	(Margin of ₹ 2,13,40,291/- previous year ₹ 1,87,86,201/-)		
D.	Estimated amount of outstanding Capital Commitment	Nil	Nil

(3) NOTES ON ACCOUNT

A. EARNING PER SHARE

Profit Attributable to Equity Shares	8,138,107	30,047,397
Weighted average no. of shares (Excluding Potential Shares)	18,310,429	18,310,429
Weighted average no. of shares (Including Potential Shares)	18,310,429	18,310,429
Basic Earning Per Share	0.44	1.64
Diluted Earning Per Share	0.44	1.64

B. CIF VALUE OF IMPORTS

Raw Materials	11,792,539	4,940,836
Fixed Assets	-	-

C. EXPENDITURE IN FOREIGN CURRENCY

Raw Materials	11,792,539	4,940,836
Advance Paid (Against Raw Material)/Web	371,627	-
Interest on Buyer Credit	-	106,771
Expenses	166,530	1,065,662

D. FOB Value of Exports

FOB Value of Exports	-	-

E. RELATED PARTIES TRANSACTIONS

			Opening	Debit	Credit	Balance	
Raman Bhatia	Managing Director	Remuneration	-	3,000,000	3,000,000	-	
			-				
Sarika Bhatia	Director	Remuneration	-	2,700,000	2,700,000	-	
K K Thakur	CFO	Salary	-	224,600	224,600	-	
Priya Pandey	Company Secretary	Salary	-	540,000	540,000	-	
Manohar Lal Bhatia	Relative of director	Salary	-	294,000	294,000	-	
Rishabh Bhatia	Relative of director	Salary	-	256,000	256,000	-	
Vikas Bhatia	Relative of director	Salary	-	788,892	788,892	-	
Service Solution	Entity in which director(s) or their relatives are interested	Sales	-	50,775,904	50,775,904	-	
		Purchases	20,392,017.00	216,936,485.00	217,940,696.00	21,396,228.00	Cr.
Bhatia Electronics	Entity in which director(s) or their relatives are interested	Sales	-	100,968,133.00	100,968,133.00	-	
		Purchases	3,880,858	17,212,358	26,060,897	12,729,397	Cr.

F. The excess payment of ₹ 4,091,765/- Related Value Added Tax is recoverable from VAT department at Kundli Haryana has been shown as VAT recoverable under loan & advances. The same will be refunded/adjusted assessemt of VAT returns of financial year 2017-18

G. The excess payment of ₹ 121,526/- Related Service Tax is recoverable from Service Tax department at Kundli Haryana has been shown as Service Tax recoverable under loan & advances. The same will be refunded/adjusted assessemt of Service Tax returns of financial year 2017-18

H. The income tax department has created demand of ₹ 29,744,736/- For the assessement year 2016-17. The company had filed an appeal before commissioner of income tax New Delhi and deposited ₹ 250,000/- . The apeal is pending

I. In the opinion of the Board, the current assets, loans and advances have a value on realisation in the ordinary course of business, at least equal to the aggregate amount as shown in the Balance Sheet

J. The outstanding balances of sundry debtors ,creditors & securities are as per the books of accounts of the Company which are subject to confirmations and reconciliation, if any.

K. Previous year figures have been regrouped/rearranged wherever found necessary.

L. Note 1 to 25 are forming part of Balance Sheet, Profit & Loss & Cash Flow Statement and have been authenticated by the directors

As per our report annexed
for GUPTA JALAN & ASSOCIATES
Chartered Accountants
FRN : 03721N

CA Ram Niwas Jalan
(Partner)
M.No.- 082389

Place: Delhi
The 29th day of July, 2020

UDIN : 20082389AAAACA9438

For and on behalf of board

Raman Bhatia
(Managing Director)
DIN-00153827

Sarika Bhatia
(Whole-time Director)
DIN-00155602

Priya Pandey
(Company Secretary)
M.No.- 35815

Vikas Bhatia
(Chief Financial Officer)
(PAN- AJNPB0303P)