

A D V & Associates

Chartered Accountant

801-Empress Nucleus, Gaothan Road, Opp. Little Flower School, Andheri East-400069

## **INDEPENDENT AUDITOR'S REPORT**

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To The Members of Kranti Industries Limited

Report on the Audit of the Consolidated Financial Statements:

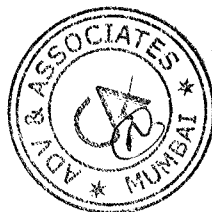
### **Opinion**

We have audited the accompanying Consolidated Financial Statements of Kranti Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the loss and its cash flows for the year ended on that date.

### **Basis for opinion**

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.



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### Emphasis of Matter

We draw your attention to Note no 2.5 to these consolidated financial statement, which describe the Management's assessment of the impact of COVID-19 pandemic and the resultant lockdowns on the significant uncertainties involved in developing some of the estimates involved in preparation of the financial statements including but not limited to its assessment of liquidity and going concern, recoverable value of its property, plant and equipment and the net realisable value of other assets. Based on information available as of the date, Management believes that no further adjustments are required to the financial statements. However, in view of the highly uncertain economic impacting the automotive industry, a definitive assessment of the impact is highly dependent upon circumstances as they evolve in future and the actual result may differ from those estimated as at the date of approval of these financial statements.

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

### Key audit matters

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

Sr. No.	Key Audit Matter
1	<p>Revenue Recognition (refer Note 2.13 related to Revenue)</p> <p>We focused on this area as a key audit matter due to the risk of incorrect timing of revenue recognition and estimation related to recording the discount and rebates. According to the financial statement' accounting principles revenue is recognized at a point in time when the control of the goods is transferred to the customer according to delivery terms. Due to variation of contractual sales terms and practices across the market and the pressure, the management may feel to achieve performance targets, there is a risk of material error.</p> <p>Auditor's Response To address this risk of material misstatement relating to revenue recognition, our audit procedures included:</p> <ul style="list-style-type: none"><li>- Assessing the compliance of company's revenue recognition policies with applicable accounting standards, including those related to discounts and rebates.</li><li>- Assessing the adequacy of relevant disclosures.</li></ul>



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### **Other Information**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless



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management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



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5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of The Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

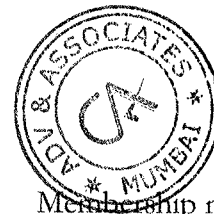


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- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us :
- i. The Company does not have any pending litigation which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
  - iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund.

For A D V & Associates  
Chartered Accountants  
Firm Registration number: 128045W



*Ankit*  
Ankit Rathi  
Partner

Membership number: 162441  
UDIN: 20162441AAAABE7789

Place: Mumbai  
Date :10<sup>th</sup> July, 2020

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### Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Kranti Industries Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Kranti Industries Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on that date.

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

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



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Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included

obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated Financial Statements.

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

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





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### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Mumbai

Date :10<sup>th</sup> July, 2020

For A D V & Associates

Chartered Accountants

Firm Registration number: 128045W



*Ankit*

Ankit Rathi

Partner

Membership number: 162441

UDIN: 20162441AAAABE7789

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020**

(All Amounts in INR Lakh, unless otherwise stated)

	Particulars	Note No.	March 31, 2020	March 31, 2019
			INR Lakh	INR Lakh
<b>A</b>	<b>EQUITY AND LIABILITIES:</b>			
1	<b>Shareholders' funds</b>			
	a) Share Capital	3	880.20	880.20
	b) Reserves and Surplus	4	1,047.86	1,152.49
	c) Share Application Pending against Allotment		0.00	0.00
2	<b>Non-Current Liabilities</b>			
	a) Long Term Borrowings	5	1,861.05	1,295.21
	b) Deferred tax Liabilities	6	84.20	118.58
	c) Other Long-Term Liabilities		0.00	0.00
	d) Long Term Provisions		0.00	0.00
3	<b>Current Liabilities</b>			
	a) Short Term Borrowings	7	355.21	466.10
	b) Trade Payables	8	650.65	374.70
	c) Other Current Liabilities	9	199.39	300.12
	d) Short Term Provisions	10	84.00	163.80
			<b>5,162.57</b>	<b>4,751.02</b>
<b>B</b>	<b>ASSETS:</b>			
1	<b>Non - Current Assets</b>			
	a) Property, Plant & Equipment	11		
	i) Tangible Assets		3,358.22	2,414.04
	ii) Intangible Assets		11.23	11.66
	iii) Capital Work-in-progress		1.35	55.07
2	<b>Non-Current Investments</b>			
	a) Investments	12	74.16	22.74
	b) Long Term Loans and Advances	13	165.11	189.80
	c) Other Non-Current Assets	14	94.11	164.71
	d) Goodwill on Consolidation		320.43	320.43
3	<b>Current Assets</b>			
	a) Inventories	15	718.80	552.49
	b) Trade Receivables	16	364.59	759.05
	c) Cash and Bank Balances	17	7.55	146.79
	d) Short Term Loans and Advances	18	25.93	101.15
	e) Other Current Assets	19	21.09	13.07
			<b>5,162.57</b>	<b>4,751.02</b>
	Summary of Significant Accounting Policies	1		

For and on behalf of A D V Associates

Chartered Accountants



Ankit Rathi  
Partner

Firm Registration No - 128045W

Membership number - 162441

Place : Mumbai

Date July 10, 2020

For and on behalf of Board of Directors

KRANTI INDUSTRIES LIMITED

Sachin Vora Managing Director  
Sumit Vora Executive Director  
Sheela Dhawale CFO  
Bhavesh Selarka CS

Director

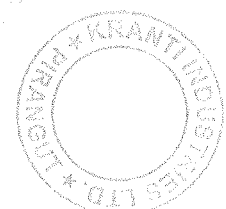
Director

DIN-02002468

DIN-02002416

Place: Pune

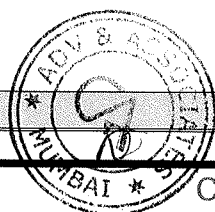
Date July 10, 2020



**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020**

(All Amounts in INR Lakh, unless otherwise stated)

Particulars	2019-20	2018-19
<b>1. Cash Flow from Operating Activities:</b>		
Net Profit before tax and extraordinary item	(130.01)	305.76
<i>Adjustments for:</i>		
Depreciation and amortization expense	315.55	307.66
Interest & Other Charges	170.97	238.59
(Profit)/Loss on sale of Fixed Assets	(24.13)	(40.78)
(Profit)/Loss on sale of Shares	-	-
Dividend Received	(0.01)	(0.01)
Interest Received/ Other Non Operative Receipts	(0.72)	(3.29)
<b>Operating Profit before Working Capital Changes</b>	<b>331.65</b>	<b>807.94</b>
<i>Adjustments for:</i>		
Inventories	(166.31)	79.57
Trade Receivables	394.46	140.04
Short Term Loans & Advances	75.23	(52.32)
Other Current Assets	(8.02)	28.63
Trade Payables	275.95	(254.36)
Other Current Liabilities	(100.73)	(51.16)
Short term Provision	(79.80)	0.62
<b>Cash Generated from Operation</b>	<b>722.44</b>	<b>698.96</b>
Taxes Paid	(0.75)	(53.05)
<b>Net Cash from Operating Activities</b>	<b>721.69</b>	<b>645.91</b>
<b>2. Cash Flow from Investing Activities:</b>		
Fixed Assets Purchased (Net)	(1321.19)	(615.77)
Additions to Capital Work In Progress	53.72	(55.07)
Sale of Fixed Assets	86.22	95.42
Dividend Received	0.01	0.01
Interest Received/ Other Non-Operative Receipts	0.72	3.29
<i>Adjustments for:</i>		
Long Term Loans & Advances	24.69	(21.62)
Non-Current Investments	(58.99)	(15.00)
Other Non-Current Assets	70.61	(39.50)
Long term Provision	-	-
<b>Net Cash from Investing Activities</b>	<b>(1,144.21)</b>	<b>(648.24)</b>
<b>3. Cash Flow from Financing Activities:</b>		
Proceeds from issue of shares	-	518.50
Proceeds/(Repayment) of Short-term borrowings	(110.89)	(95.47)
Proceeds/(Repayment) of Long-term borrowings	565.84	(45.51)
Payment of Interim Dividend and tax on it	-	-
Security Premium	(0.69)	-
Interest & Other Charges paid	(170.97)	(238.59)
<b>Net Cash from Financing Activities</b>	<b>283.29</b>	<b>138.93</b>
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(139.24)</b>	<b>136.60</b>
Cash & Cash Equivalents at the beginning of the year	146.79	10.19
Cash & Cash Equivalents at the end of the year	7.55	146.79
<b>1. Components of Cash &amp; Cash Equivalents:</b>		
Cash on Hand	2.64	1.81
In Current Accounts	4.90	144.98
In Deposit Accounts	-	-
<b>Total Cash &amp; Cash Equivalents</b>	<b>7.55</b>	<b>146.79</b>



NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH  
31, 2020

(All Amounts in INR Lakh, unless otherwise stated)

**NOTE 1: Company Background:**

The consolidated financial statements comprise financial statements of Kranti Industries Limited and its subsidiaries for the year ended 31<sup>st</sup> March 2020.

Kranti Industries Limited a premier engineering company established in the year 1995. It is a Public limited Company engaged in the field of engineering products and caters to the needs of the Automobile manufacturing companies like CNH Industrial (India) Pvt. Ltd., Graziano Transmission India Pvt. Ltd., ESCORTS LIMITED, Neosym Industry Limited, Etc.

**NOTE 2: Basis of preparation of consolidated financial statements and significant accounting policies**

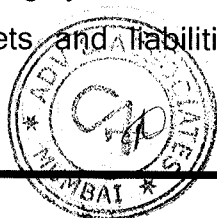
This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of accounting:**

The Consolidated financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP'), on an accrual basis of accounting under the historical cost convention. The consolidated financial statements comply in all material respects with the Accounting standards as specified in an Annexure to the Companies (Accounting Standards) Rules, 2006 (as amended) under Section 133 of the Companies Act, 2013 ('the Act') and rules made thereunder, as applicable.

**2.2 Basis of presentation:**

The Consolidated Balance Sheet and the Consolidated Statement of Profit and Loss, including related notes, are prepared and presented as per the requirements of Schedule III to the Act. All assets and liabilities have been classified and disclosed as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III. Based on the nature of products and the time between the acquisition of assets for processing and their realization into cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities. Consolidated Cash Flow Statement has been



## 2.6 Principles of consolidation:

The consolidated financial statements have been prepared on the following basis:

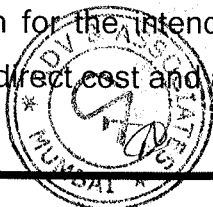
- I. The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2020.
- II. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealized profits have been fully eliminated.
- III. The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements.
- IV. Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

2.7 The following subsidiary/Associate companies are considered in the Consolidated Financial Statements:

Sr No	Company Name	Country of Incorporation	% of Share Holding As at 31.03.2020
1	Wonder Precision Private Limited	India	97.00 %
2	Kranti SFCI Private Limited	India	30.00%

## 2.8 Tangible Fixed assets:

Fixed Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use. The manufacturing costs of internally generated assets comprise direct cost and attributable overheads.



Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

#### **Intangible Assets:**

Intangible assets acquired separately are measured on initial recognition cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses.

#### **2.10 Impairment of Assets:**

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized in the Statement of Profit and Loss if the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of an asset's net selling price and value in use. An impairment loss recognized on asset is reversed when the conditions warranting impairment provision no longer exists.

#### **2.11 Investments:**

Investments which are readily realizable and intended to be held or 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.

The company holds long term investments which are carried at cost, in financial statements.

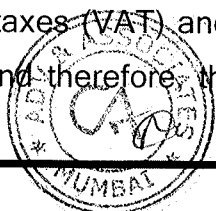
#### **2.12 Inventories:**

Inventories of raw materials including stores, spares and consumables, packing materials, semi-finished goods, work-in-progress, finished goods are valued at the lower of cost and estimated net realizable value. Cost is determined on weighted average basis.

The cost of work-in-progress, semi-finished goods and finished goods includes the cost of material, labor and proportion of manufacturing overheads.

#### **2.13 Revenue recognition on contracts:**

Revenue comprises of Sale and Service Income, Interest and dividend. Revenue is recognized 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 excise duty, service tax, value added taxes (VAT) and Goods and service tax GST as applicable on behalf of the government and therefore, these are not economic benefits flowing to the company.



currency monetary items are reported using the closing rate. Non-monetary items, carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences that arise on the settlement of monetary items or on reporting of monetary items at each balance sheet date at closing rate are :

- I. Adjusted in the cost of the fixed assets to which the exchange differences relate, provided the assets are acquired from outside India.
- II. Recognized as income or expenses in the period in which they arise, in case other than (1) above.

In respect of transaction covered by foreign exchange contracts, the difference between the contract rate and the spot rate on the date of the transaction is charged to the Statement of Profit and Loss over the period of the contract.

### 2.15 Leases

Lease arrangements where risks and rewards incidental to ownership of an asset substantially vests with lessor are classified as operating lease. Rental expenses on assets obtained under operating lease arrangements are recognized in the Statement of Profit and Loss on straight line basis over the lease period.

### 2.16 Borrowing cost:

Borrowing cost include interest, commitment charges, amortization of ancillary costs, amortization of discounts/premium related to borrowings, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time the asset is ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

### 2.17 Taxes on income:

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income tax act 1961 and based on the expected outcome of assessments.

### Deferred Tax

Deferred tax assets and liabilities are recognized subject to the consideration of prudence, on timing differences between accounting income and taxable income that originate in one period and are capable of reversal in one or more subsequent periods and are quantified using enacted / substantively enacted tax rates as at the balance sheet date. The carrying



NOTE 3 : Share Capital

Particulars	March 31, 2020	March 31, 2019
<b>Authorised Share Capital</b>		
10000000 (10000000) Equity shares of Rs.10/- each.	1,000.00	1,000.00
<b>Issued, subscribed, and Paid up</b>		
8802000 Equity shares of Rs.10/- each fully paid up	880.20	880.20
<b>Total</b>	<b>880.20</b>	<b>880.20</b>

1.1 Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

Particulars	March 31, 2020		March 31, 2019	
	No. of Shares	Amt	No. of Shares	Amt
At the beginning of the year	88.02	880.20	70.50	705.00
Add : Issued during the year	0.00	0.00	17.52	175.20
<b>O/S at the end of the year</b>	<b>88.02</b>	<b>880.20</b>	<b>88.02</b>	<b>880.20</b>

1.2 Terms and rights attached to equity shares

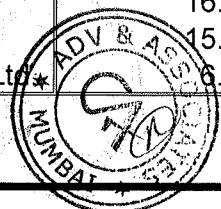
The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

1.3 Aggregate number of bonus shares issued, share issued for consideration other than cash during the period of five years immediately preceding the reporting date:

Particulars		
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium and General Reserves in five years immediately preceding the reporting date (200000 shares of Rs.100/- each and 2350000 shares of Rs.10/- each.)	25.50	25.50

1.4 Details of Shareholders holding more than 5% shares in the company

Name of the Shareholder	March 31, 2020		March 31, 2019	
	No. of Shares (IN Lakh)	% holding	No. of Shares (IN Lakh)	% holding
Mrs Indubala S. Vora	16.99	19.30%	16.87	19.16%
Mr. Sachin S. Vora	16.02	18.20%	15.93	18.10%
Mr. Sumit S. Vora	15.39	17.49%	15.33	17.42%
SMC Global Securities Ltd	6.93	7.87%	6.63	7.53%





- b. **Term Loan Account SCB 51294176** - loan is availed from Standard Chartered bank as working capital requirement This loan is secured by way of first mortgage /charge on Flat owned by Director Situated at Isha Pearl, Kodhwa, Pune.
- c. **Term Loan Account 20571389, 20644102, 20780531, 20788892, 21794544** - loan is availed from TATA Capital for Machinery. This loan is secured by way of first mortgage /charge on the machinery Purchased.
- d. **TATA CAPITAL: SUPPLIERS CREDIT** - this is a supplier Credit availed from TATA Capital for purchase of Machinery The Loan is secured by Mortgage of Machinery, The supplier credit maturity is in Mar 2021 and on maturity will be converted to Term Loan.
- e. **COSMOS : 00580152189** This loan is availed for the Purchase of Vehicle and the same is mortgage with vehicle purchased.
- f. **Aditya Birla: 80001677** : This loan is availed for the Purchase of Industrial Land at Gat no 1121, Pirangut Pune. This loan is secured by way of first mortgage / charge on the Land Purchased.
- g. **Kotak Loan** - This is a term loan availed by the subsidiary company by mortgage of immovable property situated at MIDC , Bhosari, Pune

**NOTE 6: Deferred Tax Liability**

Particulars	March 31, 2020	March 31, 2019
<b>Deferred Tax Liability</b>		
Balance as per last Financial statements	118.58	77.84
Add/Less: Current Year deferred tax charge	(34.38)	40.74
<b>Total</b>	<b>84.20</b>	<b>118.58</b>

The Deferred tax income for the current period is of Rs. 20,09,407.38 has been Charged to the Profit & Loss Statement.

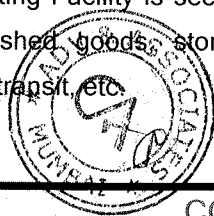
Particulars	Deferred tax liability/(Asset) as at 01.04.2019	Current Year Charge	Deferred Tax Liability/ (Asset) as at 31.03.2020
Property, Plant & Equipment Liability	139.44	(10.54)	128.90
Gratuity (Disallowance) Asset	(0.86)	(1.37)	(2.23)
Deferred Tax Asset B/ F Loss (Asset)	(19.99)	(22.47)	(42.46)
<b>Total</b>	<b>118.58</b>	<b>(34.38)</b>	<b>84.20</b>

As required by Accounting Standard (AS22), Taxes on Income prescribed by Companies (Accounting Standards) Amendment rules, 2006, the company has recognised deferred taxes, which result from timing differences between book profits and tax profits for the period.

**NOTE 7: Short Term Borrowings**

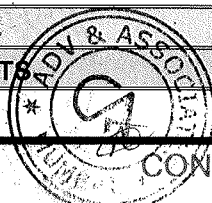
Particulars	March 31, 2020	March 31, 2019
<b>Secured - Working Capital Loan from Bank</b>		
1 HDFC Bank Limited - Cash Credit	355.21	384.16
2 HDFC Bank Limited - Bill Discounting	0.00	81.94
<b>Total</b>	<b>355.21</b>	<b>466.10</b>

Working capital loan and Bill discounting Facility is secured by hypothecation of present and future stock of raw materials, stock-in-process, finished goods, stores and spares, book debts, outstanding monies, receivables, claims, bills, materials in transit, etc.



NOTE 11: Fixed Assets

	Particulars	March 31, 2020	March 31, 2019
<b>A.</b>	<b>GROSS BLOCK</b>		
a.	<b>Free hold Land</b>		
	Land – 1	26.83	26.83
	Land – 2	122.65	122.65
	Land – 3	436.32	0.00
	Land – 4 (Bhosari)	1.62	1.62
b.	<b>Buildings</b>		
	Factory Premises – 1	167.35	167.35
	Factory Premises – 2	496.43	496.43
	Factory Premises – 3 (Bhosari)	15.83	15.83
c.	<b>Plant and Machinery</b>	<b>6079.21</b>	<b>5748.34</b>
d.	Electrical Installations – 1	13.53	13.53
e.	Electrical Installations – 2	47.01	41.40
f.	Electrical Installations – 3 (Bhosari)	9.33	9.33
g.	Furniture and Fittings	102.15	102.15
h.	Vehicles – Others	34.89	50.55
i.	Office Equipment	22.35	20.29
j.	Computers	20.34	18.70
k.	Tools and Fixtures	160.43	100.14
l.	EPABX System	0.24	0.24
	<b>Total Tangible Assets</b>	<b>7,756.50</b>	<b>6,935.37</b>
	<b>Intangible Assets</b>		
	Trademark	0.30	0.30
	Software	16.52	13.82
	<b>Total Intangible Assets</b>	<b>16.82</b>	<b>14.12</b>
	Capital Work in Progress	<b>1.35</b>	<b>55.07</b>
	<b>Total Gross Block</b>	<b>7,774.67</b>	<b>7,004.56</b>
<b>B.</b>	<b>Depreciation Block</b>		
a.	Land – 1	0.00	0.00
b.	Land – 2	0.00	0.00
c.	Land – 3	0.00	0.00
d.	Land – 4 (Bhosari)	0.00	0.00
e.	Factory Premises – 1	123.70	120.74
f.	Factory Premises – 2	222.29	200.23
g.	Factory Premises – 3 (Bhosari)	11.24	10.76
h.	<b>Plant and Machinery</b>	<b>3,763.33</b>	<b>3,936.13</b>
i.	Electrical Installations – 1	12.85	12.78
j.	Electrical Installations – 2	34.46	30.89
k.	Electrical Installations – 3 (Bhosari)	7.41	6.70
l.	Furniture and Fittings	80.26	73.06
m.	Vehicles – Others	22.81	31.11
n.	Office Equipment	18.00	15.91
o.	Computers	17.66	16.18
p.	Tools and Fixtures	84.02	66.39
q.	EPABX System	0.24	0.24
r.	Trademark	0.23	0.21
s.	Softwares	5.36	2.25
	<b>Total Depreciation Block</b>	<b>4,403.86</b>	<b>4,523.59</b>
	<b>Total NET Block of FIXED ASSETS</b>	<b>3,370.81</b>	<b>2,480.97</b>



NOTE 17: Cash and Bank Balances

Particulars	March 31, 2020	March 31, 2019
<b>Cash in Hand</b>	2.64	1.81
<b>Balance with Bank</b>		
Current Accounts	4.90	144.98
Other Bank Balances	0.00	0.00
Deposits with maturity of less than 3 months	0.00	0.00
<b>Total Cash and Bank Balance</b>	<b>7.55</b>	<b>146.79</b>

NOTE 18: Short term Loan and Advances

Particulars	March 31, 2020	March 31, 2019
<b>Loans and advances to suppliers</b>		
Advance to Creditors	25.42	98.93
<b>Unsecured and considered good</b>		
Loans to Employees	0.51	2.22
<b>Deposits</b>	0.00	0.00
<b>Total Short-Term Loan and Advances</b>	<b>25.93</b>	<b>101.15</b>

NOTE 19: Other Current Assets

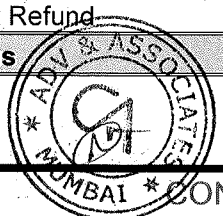
Particulars	March 31, 2020	March 31, 2019
Prepaid Expenses	19.18	11.73
Provision: Interest Receivable	1.92	1.34
<b>Total Other Current Assets</b>	<b>21.09</b>	<b>13.07</b>

NOTE 20: Revenue from Operations

Particulars	For the Financial Year 2019-20	For the Financial Year 2018-19
<b>Sales and labour Charges Net off Taxes</b>	4701.32	6042.35
<b>Other Operational Incomes</b>		
Scrap Sale	172.53	27.66
Cash Discount Received	22.52	0.00
<b>Total Revenue from Operations</b>	<b>4,896.37</b>	<b>6,070.01</b>

NOTE 21: Other Income

Particulars	For the Financial Year 2019-20	For the Financial Year 2018-19
Interest on Deposits	4.97	4.25
Discount	0.00	0.05
Profit on Sale of Asset	24.13	40.78
Dividend on Shares	0.01	0.01
Accounts / Liability Written Back	0.00	3.05
Foreign Exchange Difference Gain	0.00	0.00
Interest received on Income Tax Refund	0.00	0.22
<b>Total Revenue from Operations</b>	<b>29.11</b>	<b>48.36</b>

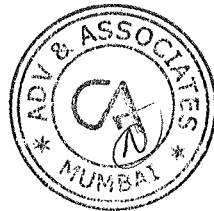


NOTE 26: Sales Administration and Other Expenses

Particulars	For the Financial Year 2019-20	For the Financial Year 2018-19
Advertisement	0.20	1.65
Audit Fees	2.19	1.38
Conveyance and Travelling	10.31	11.37
Guest House Expenses	0.00	0.53
Insurance	8.81	7.73
Interest Paid on Govt. Dues	2.75	0.53
Legal and Professional Fees	8.81	12.79
Legal Expenses	0.03	4.26
Office Expenses	19.82	21.53
Postage and Courier	0.17	0.24
Printing and Stationery	5.28	5.32
Profession Tax	0.05	0.05
Rates and Taxes	3.70	3.63
Repairs and Maintenance	9.76	19.86
Sales Promotion, entertainment	15.50	0.79
Security Charges	15.59	16.19
Housekeeping Expenses	13.72	11.78
Subscription and Contribution	2.07	0.18
Transport Charges	116.74	72.20
Telephone Expense	2.21	2.13
Water Charges	5.48	6.56
Foreign Currency Gain/Loss	0.18	0.00
Accounts / Liability Written Back	4.02	0.43
PCMC Tax	0.00	0.24
<b>Total</b>	<b>247.38</b>	<b>201.37</b>

NOTE 27: Finance Costs

Particulars	For the Financial Year 2019-20	For the Financial Year 2018-19
Interest on Term Loan	44.58	79.03
Interest on Cash Credit, Bill Discounting	114.61	94.65
Interest on Unsecured Loans and Deposits	8.83	61.82
Bank Charges	2.95	3.09
<b>Total</b>	<b>170.97</b>	<b>238.59</b>



- Related party relationship is as identified by the Company and relied upon by the Auditors, no amounts have been written off/back and provided for in respect of related party during the year.

**NOTE 30: Earnings Per Share (EPS)**

The Earnings per share calculated as per AS-20 is shown below:

Earnings per Share	March 31, 2020	March 31, 2019
Profit/(Loss) Attributable to Shareholders	(103.20)	211.13
No of Equity Shares	88.002	77.835
Basic and Diluted Earnings Per Share	(1.17)	2.71

**NOTE 31: Contingent Liabilities**

As per the Information provided to us there is no contingent liability as on the date.

**Pending Litigation:**

Sr. No	Act	Nature of Dues	Amount in INR Lakh	Period to which amounts Relates	Forum where the dispute is pending
1.	Income Tax Act	Income Tax Dues	14.42	A.Y 2015-16	Commissioner (Appeals) - Pune

Company have deposited the total dues with authorities, Appeal is in process at CIT Income Tax.

**NOTE 32: Value of imports calculated on CIF basis:**

Particulars	During F.Y 2019-20	During F.Y 2018-19
Capital Goods	559.20	255.49
Raw Material	-	1.94

**NOTE 33: Expenditure in Foreign Currency:**

Particulars	As on March 31, 2020	As on March 31, 2019
Spares for Repairs	0.00	0.00
Travelling Expense	0.64	2.12
Advance for Capital Goods and Material	2.00	98.65

**NOTE 34: Earnings in Foreign Currency:**

The Earning in Foreign Currency is NIL.



NOTE 38: Value of Imported and Indigenous raw material consumed:

Particulars	31/03/2020		31/03/2019	
	% of Total Consumption	Value	% of Total Consumption	Value
Raw Material				
Imported	0.00%	0.00	0.07%	1.93
Indigenously procured	100%	2,905.04	99.93%	3,317.79
<b>Total</b>	<b>100%</b>	<b>2,905.04</b>	<b>100%</b>	<b>3,315.85</b>

NOTE 39: Employee Benefits:

#### Defined contribution plans

The Company has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per local regulations. The contributions are made to provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further neither contractual nor any constructive obligation. Contributions are made to employee's family pension fund in India for employees as per local regulations. The contributions are made to provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further neither contractual nor any constructive obligation.

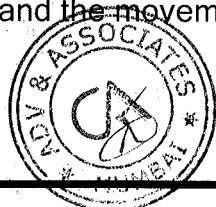
The Company has recognized the following amount in the Statement of Profit and Loss for the year.

Particulars	As on March 31, 2020	As on March 31, 2019
Contribution to Employees Provident Fund	31.60	24.61
Contribution to other Funds (ESIC, Labor welfare funds)	5.86	8.51
<b>Total</b>	<b>37.46</b>	<b>33.12</b>

#### Post-employment obligations

##### Gratuity

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to fund managed by Life Insurance Corporation of India. Contributions are made as per the working by LIC of India. The amounts recognized in the balance sheet and the movements in the net defined benefit obligation over the year are as follows



**5 Table Showing Changes in Fair Value of Plan Assets:**

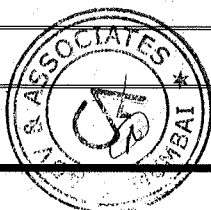
For the period	During FY 2018-19	During FY 2019-20
Fair value of plan assets at the beginning of the period	27.18	33.70
Acquisition adjustments	-	-
Transfer In / (Out)	-	-
Expected return on plan assets	2.29	2.90
Contributions	4.68	7.00
Mortality Charges and Taxes	-	-0.11
Benefits paid	-0.36	-
Amount paid on settlement	-	-
Actuarial Gain / (Loss) on plan assets	-0.09	-0.21
Fair value of plan assets at the end of the period	33.70	43.27
Actual return on plan assets	2.20	2.69

**6 Actuarial (Gain) / Loss Recognized**

For the period	During FY 2018-19	During FY 2019-20
Actuarial (Gain) / loss for the period - Obligations	2.47	5.83
Actuarial (Gain) / Loss for the period - Plan assets	0.09	0.21
Total (Gain) / Loss for the period	2.56	6.04
Actuarial (Gain) / Loss recognized in the period	2.56	6.04
Unrecognized actuarial (Gain) / Loss at the end of the period	-	-

**7 The Amounts to Be Recognized in the Balance Sheet:**

For the period	During FY 2018-19	During FY 2019-20
Present value of obligation at the end of period	44.77	59.84
Fair value of the plan assets at the end of period	33.70	43.27
Surplus / (Deficit)	-11.08	-16.56
Current liability	11.08	16.56
Non-current liability	33.70	43.27





**10 Experience Adjustment History For 5 Years**

Experience History	31/03/2016	31/03/2017	31/03/2018	31/03/2019	31/03/2020
Present value of obligation	20.91	27.65	35.48	44.77	59.84
Plan assets	15.91	18.61	27.18	33.70	43.27
Surplus / (Deficit)	-5.00	-9.04	-8.30	-11.08	-16.56
Experience (Gain) or Loss on plan liabilities	0.36	0.53	1.57	1.81	-2.50
Experience (Gain) or Loss on plan assets	-0.06	-0.00	0.27	0.03	0.21

**11 Major Categories Of Plan Assets (As % Of Total Plan Assets):**

For the period	During FY 2018-19	During FY 2019-20
Government of India securities	0.00%	0.00%
High quality corporate bonds	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Special deposit scheme	0.00%	0.00%
Funds managed by insurer	100.00%	100.00%
Others	0.00%	0.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

40 Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company. There are no overdue Principal amounts/interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly, there is no interest paid or outstanding interest in this regard in respect of payments made during the year or brought forward from previous years.

41 Other notes as required by Schedule III of the Act are either nil or not applicable hence not disclosed.

42 Previous period figures have been regrouped, recast / rearranged wherever necessary in order to conform to the current year's presentation.

