S.R. BATLIBOI & CO. LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Promptec Renewable Energy Solutions Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Promptec Renewable Energy Solutions Private Limited ("the Company"), which comprise the Balance sheet as at March 31 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and [the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Board Report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

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Responsibility of Management for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS financial statements.

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

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

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auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its director in accordance with the provisions of section 197 read with Schedule V to the Act;

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(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 has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 26A to the Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Vikas Mehra
Partner
Membership Number:094421
Place of Signature: Noida
Date: May 28, 2019

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Promptec Renewable Energy Solutions Private Limited (the Company)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at year end and no material discrepancies were noticed in respect of such confirmations.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities given in respect of provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.

(vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows

Name of the Statute	Nature of the Dues	Amount of Demand without netting of amount paid under protest (Rs. in crores)	Amount paid under protest (Rs. in crores)	Period to which the amount relates	Forum where dispute is pending
Income Tax	Non-payment of Late filing fee of TDS Return & Interest thereon	9.59	-	FY 2012-2013 to 2014-15	Income Tax Appellate Tribunal

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding dues in respect of a financial institution, or government or dues to debenture holders.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of sec 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

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(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Per Vikas Mehra
Partner
Membership Number: 094421

Place of Signature: Noida
Date: 28-05-2019

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF PROMPTEC RENEWABLE ENERGY SOLUTIONS PRIVATE LIMITED

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

We have audited the internal financial controls over financial reporting of Promptec Renewable Energy Solutions Private Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these financial statements.

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Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, 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 with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

S.R. Batliboi & Co LLP New Delhi

per Vikas Mehra
Partner
Membership Number: 094421
Place of Signature: Noida
Date: May 28, 2019

PROMPTEC RENEWABLE ENERGY SOLUTIONS PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2019

	Notes	As at March 31, 2019 Rs. in lakhs	As at March 31, 2018 Rs. in lakhs
ASSETS			
1 **Non-current assets**			
Property, plant and equipment	3	289.84	597.26
Intangible assets	4	12.95	18.34
Financial assets	5		
(i) Other bank balances		0.70	-
(ii) Other financial assets		-	41.28
Deffered Tax asset (net)	6	491.84	-
		795.33	**656.88**
2 **Current assets**			
Inventories	7	274.54	1,188.21
Financial assets	8		
(i) Trade receivables		313.66	421.35
(ii) Cash and cash equivalent		273.94	11.72
(iii) Bank balances other than (ii) above		-	1.83
(iv) Others financial assets		39.46	23.15
Other current assets	9	198.83	347.03
Current Tax Assets (Net)	10	1.43	-
		1,101.86	**1,993.29**
Total assets		**1,897.19**	**2,650.17**
EQUITY AND LIABILITIES			
1 **Equity**	11		
Equity share capital		263.62	263.62
Other equity		432.06	849.38
Total equity		**695.68**	**1,113.00**
2 **LIABILITIES**			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	12	885.00	-
Provisions	13	32.31	83.74
Deferred tax liabilities (net)	6	-	6.31
		917.31	**90.05**
Current liabilities			
Financial liabilities	14		
(i) Borrowings		-	737.74
(ii) Trade payables			
a)Total outstanding dues to micro and small enterprises		2.42	66.61
b)Total outstanding dues to other than micro and small enterprises		200.23	516.36
(iii) Other financial liabilities		40.49	60.17
Provisions	15	25.97	40.39
Other current liabilities	16	15.09	25.85
		284.20	**1,447.12**
Total liabilities		**1,201.51**	**1,537.17**
Total Equity and Liabilities		**1,897.19**	**2,650.17**
Summary of significant accounting policies	2		
Commitments & Contingencies	26		
Other notes on accounts	27		

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

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Registration No. 301003E/E300005

Per Vikas Mehra
Partner
Membership No. 094421
Date: May 28, 2019
Place: Noida

S.R. BATLIBOI & CO. LLP * NEW DELHI *

For and on behalf of Board of Directors

Rajiv Goel
Director
DIN: 00714821

Ameet Kumar Gupta
Director
DIN: 00002838

Sachin Sharma
Authorised Signatory

PROMPTEC RENEWABLE ENERGY SOLUTIONS PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

		Notes	Year ended March 31, 2019 Rs. in lakhs	Year ended March 31, 2018 Rs. in lakhs
I	**INCOME**			
	Revenue from operations	17	2,406.27	5,555.83
	Other income	18	33.40	9.24
	Total Income		**2,439.67**	**5,565.07**
II	**EXPENSES**			
	Cost of materials consumed	19	1,983.09	3,937.08
	Purchase of traded goods	20	4.12	56.06
	Change in inventories of finished goods, traded goods and work in progress	21	247.58	19.86
	Excise duty	17(a)	-	90.30
	Employee benefits expenses	22	483.75	714.67
	Finance costs	23	75.47	80.96
	Depreciation and amortisation expenses	24	78.15	95.66
	Other expenses	25	486.42	857.72
	Total Expenses		**3,358.58**	**5,852.31**
III	**Loss before income tax**		**(918.91)**	**(287.24)**
IV	**Income tax expenses**			
	Current tax		-	-
	Deferred tax	6	(499.05)	162.92
	Total tax expense		**(499.05)**	**162.92**
V	**Loss for the year**		**(419.86)**	**(450.16)**
VI	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss in subsequent periods			
	(i)Re-measurement gains/ (losses) on defined benefit plans (Refer note no 27(2))		3.44	(6.44)
	(ii) Income tax effect on above (Refer note no 6(b))		(0.90)	1.93
	Other comprehensive income for the year, net of tax		**2.54**	**(4.51)**
VII	**Total comprehensive income for the year, net of tax**		**(417.32)**	**(454.67)**
VIII	**Earnings per equity share (EPS) {refer note no. 27(7)}**	27(7)		
	(nominal value of share Rs.10/-)			
	Basic EPS (Rs.)		(15.93)	(17.08)
	Diluted EPS (Rs.)		(15.93)	(17.08)
	Summary of significant accounting policies	2		
	Commitments & Contingencies	26		
	Other notes on accounts	27		

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

As per our report of even date

For and on behalf of Board of Directors

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Registration No. 301003E/E300005

Rajiv Goel
Director
DIN: 00714821

Ameet Kumar Gupta
Director
DIN: 00002838

Per Vikas Mehra
Partner
Membership No. 094421
Date: May 28, 2019
Place: Noida

S.R. BATLIBOI & CO. LLP ★ NEW DELHI ★

Sachin Sharma
Authorised Signatory

PROMPTEC RENEWABLE ENERGY SOLUTIONS PRIVATE LIMITED

Statement of Changes in Equity for the year ended March 31, 2019

A) Equity Share Capital

Particulars	Amount (Rs in lakhs)	Numbers
As at April 1, 2017	263.62	2,636,226
Add: Movement during the year	-	-
As at March 31, 2018	263.62	2,636,226
Add: Movement during the year	-	-
As at March 31, 2019	263.62	2,636,226

B) Other Equity

(Rs. in lakhs)

Particulars	Reserves and Surplus				Total
	Capital reserve	Securities premium	General reserve	Retained earnings	
As at April 1, 2017	2.21	1,447.00	2.26	(147.42)	1,304.05
Net Loss for the year	-	-	-	(450.16)	(450.16)
Other comprehensive income for the year					
Re-measurement gains/ (losses) on defined benefit plans (Refer note no 27(2))	-	-	-	(4.51)	(4.51)
Total Comprehensive income for the year	-	-	-	(454.67)	(454.67)
As at March 31, 2018	2.21	1,447.00	2.26	(602.09)	849.38
Net Loss for the year	-	-	-	(419.86)	(419.86)
Other comprehensive income for the year					
Re-measurement gains/ (losses) on defined benefit plans (Refer note no 27(2))	-	-	-	2.54	2.54
Total Comprehensive income for the year	-	-	-	(417.32)	(417.32)
As At March 31, 2019	2.21	1,447.00	2.26	(1,019.41)	432.06

As per our report of even date

For and on behalf of Board of Directors

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Registration No. 301003E/E300005

S.R. BATLIBOI & CO. LLP NEW DELHI

Per Vikas Mehra
Partner
Membership No. 094421
Date: May 28, 2019
Place: Noida

Rajiv Goel
Director
DIN: 00714821

Ameet Kumar Gupta
Director
DIN: 00002838

Sachin Sharma
Authorised Signatory

CLASSIFICATION | INTERNAL

PROMPTEC RENEWABLE ENERGY SOLUTIONS PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31 ,2019

		Year ended March 31, 2019 Rs. in lakhs	Year ended March 31, 2018 Rs. in lakhs
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before Income tax	(918.91)	(287.24)
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation and amortisation expense	78.15	95.66
	Loss/ (profit) on disposal of property, plant and equipments	110.31	0.28
	Impairment allowance for trade receivables considered doubtful	-	58.62
	Impairment allowances for the financial assets	-	19.01
	Interest expense	75.47	80.96
	Interest income	(0.06)	(0.14)
	Excess provisions no longer required written back	(18.86)	(4.78)
	Provision for doubtful receivables written back	(3.34)	(2.38)
	Operating Profit before working capital changes	**(677.24)**	**(40.01)**
	Movement in working capital		
	(Increase)/ Decrease in trade receivables	111.03	814.01
	(Increase)/ Decrease in financial assets	24.97	-
	(Increase)/ Decrease in other assets	148.20	(34.15)
	(Increase)/ Decrease in inventories	913.67	559.43
	Increase/ (Decrease) in trade payables	(380.35)	(870.68)
	Increase/ (Decrease) in financial liablities	(0.82)	(49.46)
	Increase/ (Decrease) in other liabilities	(10.76)	(46.57)
	Increase/ (Decrease) in provisions	(62.41)	53.32
	Cash generated from/(used) in operations	**66.29**	**385.89**
	Direct taxes paid (net of refunds)	1.43	-
	Net Cash flow from/(used) in Operating Activities (A)	**64.86**	**385.89**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of property, plant and equipments including capital work in progress	(8.22)	(24.28)
	Capital advances (net of capital creditors)	-	(20.23)
	Fixed Deposits matured/ (made) during the year	1.16	(0.11)
	Proceeds from property, plant and equipments	132.57	39.55
	Interest income received	0.06	0.14
	Net Cash flow from/(used) in Investing Activities (B)	**125.57**	**(4.93)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Repayment/ Proceeds of short term borrowings	(737.74)	(290.46)
	Repayment/ Proceeds of long term borrowings	885.00	
	Interest paid	(75.47)	(80.96)
	Net Cash Flow from/(used) in Financing Activities (C)	**71.79**	**(371.42)**
	Net increase / decrease in cash and cash equivalents (A+B+C)	**262.22**	**9.54**
	Cash and cash equivalents at the beginning of the year	11.72	2.18
	Cash and Cash Equivalents at the end of the year	**273.94**	**11.72**

Notes :

1 The above Cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard 7 , "Statement of Cash Flows".

2 Components of cash and cash equivalents :-

	As at March 31, 2019 Rs. in lakhs	As at March 31, 2018 Rs. in lakhs
Cash and cash equivalents		
Balances with banks:		
- Current accounts	273.93	0.18
- Cheques on hand	-	11.50
Cash on hand	0.01	0.04
	273.94	**11.72**

As per our report of even date
For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Registration No. 301003E/E300005

For and on behalf of Board of Directors

Rajiv Goel
Director
DIN: 00714821

Ameet Kumar Gupta
Director
DIN: 00002838

Sachin Sharma
Authorised Signatory

Per Vikas Mehra
Partner
Membership No. 094421
Date: May 28, 2019
Place: Noida

S.R. BATLIBOI & CO. LLP NEW DELHI

Promptec Renewable Energy Solutions Private Limited
Notes to financial statements for the year ended March 31,2019

1 CORPORATE INFORMATION

Promptec Renewable Energy Solutions Private Limited ("the Company") is a Company domiciled in India and incorporated on Sept 4,2008 under the provisions of the Companies Act, 1956. The Company is engaged in manufacturing of LED (Light Emitting Diode) Lighting, Solar lighting and Power Electronics solutions.
The Financial statements were authorized by the board of directors for issue in accordance with resolution passed on 28.05.2019

2 SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these Ind AS financial statements. These policies have been consistently applied to all the years.

2.01 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the section 133 of the Companies Act 2013 (the Act) read with Companies (Indian Accounting Standards) Rule 2015 (as amended from time to time), presentation requirement of Division II of schedule III to the Companies Act, 2013, (Ind As compliant schedule III) and other relevant provision of the Act. The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities:

i) Certain financial assets and liabilities that is measured at fair value
ii) Assets held for sale-measured at fair value less cost to sell
iii) Defined benefit plans-plan assets measured at fair value
iv) Share - based payments

As described in note 27(1) relating to proposed merger of company with its holding company, pending such approval the management continues to operate its business services and has continuous financial support from the parent company. In view of the same these financials statement continue to be prepared on a going concern basis

New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 01, 2018:
(i) Ind AS 115, Revenue from contracts with customers
(ii) Amendment to Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance
(iii) Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates
(iv) Amendment to Ind AS 12, Incomes Taxes
(v) Amendment to Ind AS 40, Investment Property
The Company had to change its accounting policies following the adoption of Ind AS 115. The amendment listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.02 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non- current classification. An asset is treated as current when it is:
- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- 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.
A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- 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 deferred tax liabilities are classified as non- current assets and liabilities.
The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has identified twelve months as its operating cycle.

2.03 Property, plant and equipment

Property, Plant and equipment including capital work in progress are stated at historical cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of input tax credit availed wherever applicable.

Subsequent cost included in asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of item can be measured reliably. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their respective useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.
An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Capital work- in- progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on property, plant and equipment is calculated on prorata basis on straight-line method using the useful lives of the assets estimated by management and in the manner prescribed in Schedule II of the Companies Act, 2013. The useful life is as follows:

Assets	Useful life (in years)
Building	30 and 60
Plant and Equipment	15
Moulds and Dies	6
Furniture and Fixtures	10
Vehicles	8 and10
R &D Equipment	5 and15
Office Equipment	3 and 5
Electrical Installations	10
Laptops	3

Moulds and dies and mobile phones are depreciated over the estimated useful lives of 6 years and 3 years, respectively, which are lower than those indicated in Schedule II of the Companies Act, 2013. On the basis of technical assessment made by the management, it believes that the useful lives as given above are realistic and reflect fair approximation of period over which the assets are likely to be used.

Lease hold improvements are depreciated on straight line basis over shorter of the asset's useful life and their initial agreement period.

2.04 Intangible assets

Separately acquired intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Cost of intangible assets acquired in business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development cost, are not capitalized and the related expenditure is reflected in statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Research and development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

i) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

ii) Its intention to complete the asset;

iii) Its ability to use or sale the asset;

iv) How the asset will generate future economic benefits;

v) The availability of adequate resources to complete the development and to use or sale the asset; and

vi) The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on straight line basis over the estimated useful life. During the period of development, the asset is tested for impairment annually.
The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss in the expense category consistent with the function of the intangible assets.
Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.
Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the assets are disposed off.
Intangible assets with finite useful life are amortized on a straight line basis over their estimated useful life as under

Assets	Useful life (in years)
Computer Software	6
R&D Software	6

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2.05 Impairment of non- financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for the which there are separately identifiable cash inflows which largely independent of the cash inflows from other assets or groups of assets (cash - generating units). Non - financial assets other than goodwill that suffered an impairment are reviewed are possible reversal of the impairment at the end of each reporting period.

2.06 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.

(i) Financial Assets

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- Those measured at amortized cost

The classification depends on entity's business model for managing the financial assets and the contractual terms of the cash flow

Initial recognition and measurement

All financial assets are recognized 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 cost of financial assets carried at fair value through profit or loss are expensed in profit or loss

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss(i.e. fair value through profit or loss),or recognized in other comprehensive income(i.e. fair value through other comprehensive income). For investment in debt instruments, this will depend on the business model in which the investment is held. For investment in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for equity instruments at FVTOCI.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in following categories:

- Debt instruments at fair value through profit and loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments at amortized cost
- Equity instruments

Debt instruments at amortized cost

A Debt instrument is measured at amortized cost if both the following conditions are met:

a) **Business Model Test**: The objective is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).

b) **Cash flow characteristics test**: The contractual terms of the Debt instrument give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

This category is most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized 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. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The EIR amortization is included in other income in profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

Debt instruments at fair value through OCI

A Debt instrument is measured at fair value through other comprehensive income if following criteria are met:

a) **Business Model Test**: The objective of financial instrument is achieved by both collecting contractual cash flows and for selling financial assets.

b) **Cash flow characteristics test**: The contractual terms of the Debt instrument give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Debt instrument included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI), except for the recognition of interest income, impairment gains or losses and foreign exchange gains or losses which are recognized in statement of profit and loss. On derecognition of asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to statement of profit & loss. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

Debt instruments at FVTPL

FVTPL is a residual category for financial instruments. Any financial instrument, which does not meet the criteria for amortized cost or FVTOCI, is classified as at FVTPL.A gain or loss on a Debt instrument that is subsequently measured at FVTPL and is not a part of a hedging relationship is recognized in statement of profit or loss and presented net in the statement of profit and loss within other gains or losses in the period in which it arises. Interest income from these Debt instruments is included in other income.

Equity investments of other entities

All equity investments in scope of IND AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which IND AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income all subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Profit and loss.

Derecognition

A financial asset (or ,where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- 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 the rights to receive cash flows from the financial assets or

  (b) the Company has retained the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all the risks and rewards of the ownership of the financial assets. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all the risks and rewards of the ownership of the financial assets, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

Impairment of financial assets

In accordance with IND AS 109, the Company applies expected credit losses(ECL) model for measurement and recognition of impairment loss on the following financial asset and credit risk exposure

- Financial assets measured at amortized cost;
- Financial assets measured at fair value through other comprehensive income(FVTOCI);

The Company follows "simplified approach" for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables;
- All lease receivables resulting from the transactions within the scope of Ind AS 17

Under the simplified approach, the Company does not track changes in credit risk. Rather , it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12- months ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

(i) All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

(ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

(a) **Financial assets measured as at amortised cost** -ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the group does not reduce impairment allowance from the gross carrying amount.

(b) **Loan commitments and financial guarantee contracts:** ECL is presented as a provision in the balance sheet, i.e. as a liability. Debt instruments measured at FVTOCI: For debt instruments measured at FVOCI, the expected credit losses do not reduce the carrying amount in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset was measured at amortised cost is recognised in other comprehensive income as the 'accumulated impairment amount"

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(ii) **Financial liabilities:**

Initial recognition and measurement

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, net of directly attributable transaction costs. the Company financial liabilities include loans and borrowings, trade payables, trade deposits, retention money, liabilities towards services, sales incentive and other payables.

The measurement of financial liabilities depends on their classification, as described below:

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationship as defined by Ind AS 109. The separated embedded derivate are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. the Company has not designated any financial liability as at fair value through profit and loss.

Trade Payables

These amounts represents liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 to 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using Effective interest rate method.

Borrowings

Borrowings are initially recognized at fair value, net of transaction cost incurred. After initial recognition, interest-bearing Borrowings are subsequently measured at amortized cost using the Effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognised as well as through the Effective interest rate amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective interest rate. The Effective interest rate amortization is included as finance costs in the statement of profit and loss.

Borrowing are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for atleast 12 months after the reporting period.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of IND AS 109 and the amount recognized less cumulative amortization.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or medication is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Offsetting of financial instruments:

Financials assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Reclassification of financial assets/ financial liabilities:

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. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. 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.

2.07 **Derivative financial instruments and hedge accounting**

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Company's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

(i) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment

(ii) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

(iii) Hedges of a net investment in a foreign operation

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

2.08 **Inventories**

a) **Basis of valuation:**

i) Inventories other than scrap materials are valued at lower of cost and net realizable value after providing cost of obsolescence, if any. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by-item basis.

ii) Inventory of scrap materials have been valued at net realizable value.

b) **Method of Valuation:**

i) **Cost of raw materials** has been determined by using moving weighted average cost method and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.

ii) **Cost of finished goods and work-in-progress** includes direct labour and an appropriate share of fixed and variable production overheads and excise duty as applicable. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Cost is determined on moving weighted average basis.

iii) **Cost of traded goods** has been determined by using moving weighted average cost method and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.

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.

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2.09 Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Any expected loss is recognized immediately in the statement of profit and loss.

The criteria for held for sale is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold. The Company treats sale of the asset to be highly probable when:

i) The appropriate level of management is committed to a plan to sell the asset
ii) An active programme to locate a buyer and complete the plan has been initiated (if applicable)
iii) The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
iv) The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and
v) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized. Assets and liabilities classified as held for sale are presented separately as current items in the balance sheet.

2.10 Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax expense for the year comprises of current tax and deferred tax.

a) Current Tax

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date. The Company is eligible for deduction under section 80-IC of Income Tax Act, 1961 in respect of income of units located in Haridwar unit-II in Uttarakand,Baddi unit-II in Himachal Pradesh and u/s 80IE in respect of unit located at Guwahati in Assam.

Current income tax relating to item recognized outside the statement of profit and loss is recognized outside profit or loss (either in other comprehensive income or equity) Current tax items are recognized in correlation to the underlying transactions either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred Tax

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or direct in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realized are recognised in profit or loss.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned 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, it is created by way of credit to the statement of profit and loss and shown as part of reduction from deferred tax liability. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period."

2.11 Revenue recognition

The Company manufactures/ trades and sells a range of consumer electrical and electronic products. Sale of these products is recognized at a point in time when control of the product has been transferred, being when the products are delivered to the customers and there are no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products are shipped to specific location and control has been transferred to the customers. The Company also provides installation, annual maintenance and extended warranty services that are either sold separately or bundled together with the sale of goods. The Company recognizes these service revenue from sales of services over a time, because the customer simultaneously receives and consumes the benefits provided by the Company. The Company has objective evidence that all criterion for acceptance has been satisfied.

(a) Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

The Company considers, whether there are other promises in the contract in which their are separate performance obligations, to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods,the Company allocated a portion of the transaction price to goods bases on its relative standalone prices and also considers the following:-

(i) Variable consideration

The Company recognizes revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If revenue cannot be reliably measured, the Company defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration, and are estimated at contract inception and updated thereafter.

(ii) Warranty obligations

The Company generally provides for warranties for general repair of defects . These warranties are assurance-type warranties under Ind AS 115, which are accounted for under Ind AS 37 (Provisions, Contingent Liabilities and Contingent Assets), consistent with its current practice. The Company adjust the transaction price for the time value of money where the period between the transfer of the promised goods or services to the customer and payment by customer exceed one year. However, in certain non-standard contracts in respect of sale of consumer durable goods, the Company provides extended warranties and such warranties are termed as service-type warranties and therefore, accounted for as separate performance obligations to which the Company allocates a portion of the transaction price.

(iii) Significant Financing Components

In respect of short-term advances from its customers, using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be within normal operating cycle.

In respect of long term contracts, the Company has used the incremental borrowing rate to the discount the consideration as this is the rate which commensurate with rate that would be reflected in separate financing arrangement between the Company and its customer.

(b) Sale of service

The Company provides installation, annual maintenance and extended warranty services that are either sold separately or bundled together with the sale of goods. The Company recognizes revenue from sales of services over time, because the customer simultaneously receives and consumes the benefits provided by the Company. Revenue from services related activities is recognised as and when services are rendered and on the basis of contractual terms with the parties.

(c) Contract balances

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. A receivables represents the Company's right to an amount of consideration that is unconditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

(d) Interest Income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

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2.12 **Employee benefits**

(i) **Short-term obligations**

Liabilities for wages and salaries, including non monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employee service upto the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. the liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) **Other long-term employee benefit obligations**

a) **Gratuity**

The liabilities with respect to Gratuity Plan are determined by actuarial valuation on projected unit credit method on the balance sheet date, based upon which the Company contributes to the Gratuity Scheme. The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds is provided for as assets/ (liability) in the books. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under Employee benefit expense in statement of profit or loss.

a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements

b) Net interest expense or income

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

b) **Provident fund**

Retirement benefit in the form of provident fund is a defined contribution scheme. the Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable through provident fund scheme as an expense, when an employee renders the related services. If the contribution payable to scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excesses recognized as an asset to the extent that the prepayment will lead to , for example , a reduction in future payment or a cash refund.

2.13 **Leases**

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

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with Company's general policy on the borrowing cost.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the statement of profit or loss account on straight line basis over the lease term, unless the payments are structured to increase in line with the expected general inflation to compensate for the lessor in expected inflationary cost increase.

2.14 **Government Grants**

Government Grants are recognized at their fair value when there is reasonable assurance that the grant will be received and all the attached conditions will be complied with.

When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Government grant related to the purchase of property, plant and equipment are included in non current liability as deferred income and are credited to the statement of profit or loss on straight line basis over the expected lives of related assets.

When the Company receives grants of non-monetary assets, the asset is recorded at fair value amounts and government grant is presented as deduction from carrying amount of asset

2.15 **Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

2.16 **Borrowing Costs**

Borrowing cost includes interest and other costs incurred in connection with the borrowing of funds and charged to Statement of Profit & Loss on the basis of effective interest rate (EIR) method. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing cost.

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 capitalized as part of the cost of the respective asset. All other borrowing costs are recognized as expense in the period in which they occur.

2.17 **Exceptional Items**

Exceptional items are transactions which due to their size or incidence are separately disclosed to enable a full understanding of the Company's financial performance. Items which may be considered exceptional are significant restructuring charges, gains or losses on disposal of investments in subsidiaries, associates and joint venture and impairment losses/ write down in value of investment in subsidiaries, associates and joint venture and significant disposal of fixed assets.

2.18 **Cash and cash equivalents**

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

2.19 **Foreign currency translation**

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's financial statements are presented in Indian rupee (INR) which is also the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are generally recognised in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognized as income or expense in the period in which they arise with the exception of exchange differences on gain or loss arising on translation of non-monetary items measured at fair value which is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

2.20 **Provisions and Contingent Liabilities**

Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, 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. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Warranty Provisions

Provision for warranty-related costs are recognized when the product is sold or service is provided to customer. Initial recognition is based on historical experience. the Company periodically reviews the adequacy of product warranties and adjust warranty percentage and warranty provisions for actual experience, if necessary. The timing of outflow is expected to be with in one to five years.

Provision for E-Waste

Provision for E-Waste management costs are recognized when the liability in respect of product is sold is provided to customer is established in accordance with E-waste Management Rules, 2016 as notified by Government of India. Initial recognition is based on liability computed based on Extended Producer Responsibility as promulgated in said Rules including cost to comply the said regulation and as reduced by expected realisation of collectable waste. The timing of outflow is expected to be with in one to ten years.

Contingent liabilities

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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 probability of outflow of resources is remote.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

2.21 Dividend Distributions

The Company recognizes a liability to make the payment of dividend to owners of equity, when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.22 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 ordinary 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:

(i) In the principal market for asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or 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 minimizing 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:

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

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

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

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.23 Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards if applicable, when they become effective.

(i) Ind AS 116 Leases

Ind AS 116 Leases was notified by Ministry of Corporate Affairs (MCA) on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for leases – leases of 'low-value' assets and short-term leases (i.e , lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right of use assets.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases. The Company intends to adopt these standards from 1 April 2019. As the Company doesnot have material leases, therefore, the adoption of this standard is not likely to have a material impact on the financial statements.

(ii) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

1. Whether an entity considers uncertain tax treatments separately
2. The assumptions an entity makes about the examination of tax treatments by taxation authorities
3. How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
4. How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

The interpretation is effective for annual reporting periods beginning on or after 1 April 2019, but certain transition reliefs are available. The Company will apply the interpretation from its effective date. The Company is evaluating the impact and it will acount for it when it adopt amendments in Ind AS 12 during the year ending March 31, 2020.

(iii) Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective for annual periods beginning on or after April 01, 2019. These amendments have no impact on the financial statements of the Company.

(iv) Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

• Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

• Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after April 01, 2019. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Company.

(v) Amendments to Ind AS 12: Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after April 01, 2019. Since the Company's current practice is in line with these amendments, the Company does not expect any effect on its consolidated financial statements.

(vi) Amendments to Ind AS 23: Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after April 01, 2019. Since the Company's current practice is in line with these amendments, the Company does not expect any effect on its financial statements.

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2.24 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these judgements, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements.

a) **Operating lease commitments — Company as lessee**

The Company has taken various commercial properties on leases. the Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, and that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation 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 Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

b) **Taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

c) **Gratuity benefit**

The cost of defined benefit plans (i.e. Gratuity benefit) is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of long term government bonds with extrapolated maturity corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for India. Future salary increases and pension increases are based on expected future inflation rates for India. Further details about the assumptions used, including a sensitivity analysis, are given in Note 33(6).

d) **Fair value measurement of financial instrument**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

e) **Impairment of financial assets**

The impairment provisions of financial assets are based on assumptions about risk of default and expected loss rates. the Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history ,existing market conditions as well as forward looking estimates at the end of each reporting period.

f) **Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An assets recoverable amount is the higher of an asset's CGU'S fair value less cost of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use , the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other fair value indicators.

g) **Provision for warranty**

Provisions for warranties are measured at discounted present value using pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. Warranty provisions is determined based on the historical percentage of warranty expense to sales for the same types of goods for which the warranty is currently being determined. The same percentage to the sales is applied for the current accounting period to derive the warranty expense to be accrued. It is adjusted to account for unusual factors related to the goods that were sold, such as defective inventory lying at the depots. It is very unlikely that actual warranty claims will exactly match the historical warranty percentage, so such estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

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Promptec Renewable Energy Solutions Pvt Ltd.
Notes to financial statements for the year ended March 31, 2019
Note 3 : Property, plant and equipment

(Rs. in lakhs)

	Leasehold	Plant and Equipment	Dies and tools	Furniture and fixtures	Vehicles	R & D Equipment's	Office Equipment's	Electrical Fans and Installation	Total	Capital Work in progress	Total
At cost											
At April 1, 2017	138.45	302.86	149.08	59.51	8.65	94.77	75.68	8.86	837.86	2.77	840.63
Additions	10.93	5.47	-	1.10	-	1.33	2.45	5.77	27.05		24.28
Disposal/adjustment	-	(41.92)	(2.80)	-	-	-	-	-	(44.72)	(2.77)	(44.72)
At March 31, 2018	149.38	266.41	146.28	60.61	8.65	96.10	78.13	14.63	820.19	-	820.19
Additions	-	-	2.80	-	-	-	5.42	-	8.22		8.22
Disposals/Adjustments	-	(165.97)	(3.40)	(6.15)	(7.41)	(4.56)	(22.26)	-	(209.75)	-	(209.75)
Transfers to Assets held for sale(refer note below)	(27.62)	(63.75)	(112.85)	(21.40)	-	-	(22.10)	(5.77)	(253.49)	-	(253.49)
At March 31, 2019	121.76	36.69	32.83	33.06	1.24	91.54	39.19	8.86	365.17	-	365.17
Depreciation											
At April 1, 2017	7.37	45.62	35.37	8.56	3.16	12.92	22.74	0.90	136.64	-	136.64
Charge for the year	4.64	25.37	25.48	6.32	1.58	9.67	16.74	1.38	91.18	-	91.18
Disposals/Adjustments	-	(4.53)	(0.36)	-	-	-	-	-	(4.89)	-	(4.89)
Transfers to Assets held for sale	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2018	12.01	66.46	60.49	14.88	4.74	22.59	39.48	2.28	222.93	-	222.93
Charge for the year	2.84	22.83	19.43	6.01	0.67	8.83	11.32	1.39	73.32	-	73.32
Disposals/Adjustments	-	(53.20)	(1.59)	(2.18)	(4.72)	(4.02)	(14.92)	-	(80.63)	-	(80.63)
Transfers to Assets held for sale(refer note below)	(1.66)	(35.13)	(71.33)	(9.08)	-	-	(22.00)	(1.09)	(140.29)	-	(140.29)
At March 31, 2019	13.19	0.96	7.00	9.63	0.69	27.40	13.88	2.58	75.33	-	75.33
Net carrying amount											
At March 31, 2018	137.37	199.95	85.79	45.73	3.91	73.51	38.65	12.35	597.26	-	597.26
At March 31, 2019	108.57	35.73	25.83	23.43	0.55	64.14	25.31	6.28	289.84	-	289.84

Note 4 : Intangible assets

(Rs. in lakhs)

	Computer Software	Total
Gross Block		
At April 1, 2017	28.26	28.26
Additions	-	-
Disposals/Adjustments	-	-
At March 31, 2018	28.26	28.26
Additions	-	-
Disposals/Adjustments	-	-
Transfers to Assets held for sale(refer note below)	(1.07)	(1.07)
At March 31, 2019	27.19	27.19
Amortization		
At March 31, 2017	5.44	5.44
Charge for the year	4.48	4.48
Disposals/Adjustments	-	-
At March 31, 2018	9.92	9.92
Charge for the year	4.83	4.83
Transfers to Assets held for sale(refer note below)	(0.51)	(0.51)
At March 31, 2019	14.24	14.24
Net carrying amount		
At March 31, 2018	18.34	18.34
At March 31, 2019	12.95	12.95

Note: Transfer to asset held for sale represents, assets classfied as held for sale during the year and sold thereof.

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	As at March 31, 2019 Rs. in lakhs	As at March 31, 2018 Rs. in lakhs
5 NON - CURRENT FINANCIAL ASSETS		
(i) OTHER BANK BALANCE (Valued at amortised cost)		
Fixed deposit with Banks having remaining maturity period of more than twelve months (refer note below)	0.70	-
	0.70	**-**
Note: Fixed deposit have been given as a security against material supplied to customer		
(ii) OTHER FINANCIAL ASSETS (Valued at amortised cost)		
Security Deposit (Unsecured- considered good)	-	40.61
Fixed deposit with Banks having remaining maturity period of more than twelve months (refer note below)	-	0.67
	-	**41.28**
Note: Fixed deposit have been given as a security against material supplied to customer		

6 INCOME TAXES:

(a) Income tax expenses in the statement of profit and loss comprises :		
Current Tax		
Current Income Tax	-	-
Deferred Tax		
Relating to origination and reversal of temporary differences	(499.05)	162.92
Income tax expense reported in the statement of profit or loss	**(499.05)**	**162.92**
(b) Other Comprehensive Income		
Income tax related to items recognised in OCI during the year:		
Re-measurement (gains)/ losses on defined benefit plans (Refer note no 27(2))	0.90	(1.93)
Income tax related to items recognised in OCI during the year	**0.90**	**(1.93)**
(c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:		
Accounting loss before tax	(918.91)	(287.24)
Applicable tax rate	26.00%	30.90%
Computed Tax Expense	**(238.92)**	**(88.76)**
Expense not allowed for tax purpose	-	8.06
Change in tax rate	-	(1.18)
Utilisation of unabsorbed depreciation and carried forwarded tax losses	(260.13)	300.68
Additional allowances for tax purpose	-	(55.88)
Income tax charged/(credited) to Statement of Profit and Loss at the effective rate :(54.00%) {March 31, 2018: 56.72%}	**(499.05)**	**162.92**

(d) Deferred tax (liability)/assets comprises:

	Balance Sheet		Recognised in Statement of Profit & Loss	
	As at March 31, 2019 Rs in lakhs	As at March 31, 2018 Rs in lakhs	Year Ended March 31, 2019 Rs in lakhs	Year Ended March 31, 2018 Rs in lakhs
Accelerated Depreciation for Tax purposes	(22.17)	(62.80)	(40.63)	(12.37)
Expenses allowable on payment basis	31.52	56.49	24.97	(86.24)
Unabsorbed Depreciation and carried forwarded tax losses(refer note 27(2))	482.49	-	(482.49)	259.60
Re-measurement (gains)/ losses on defined benefit plans	-	-	(0.90)	1.93
	491.84	(6.31)	(499.05)	162.92

(e) Reconciliation of deferred tax (liability)/assets (net)

	As at March 31, 2019 Rs in lakhs	As at March 31, 2018 Rs in lakhs
Opening balance as per last balance sheet	(6.31)	154.68
Tax expense recognized in profit and loss account during the year	499.05	(162.92)
Tax expense recognized in other comprehensive income during the year	(0.90)	1.93
Closing balance	**491.84**	**(6.31)**

Notes:
There was unabsorbed depreciation and business losses of Rs. 351.21 lacs and Rs 649.46 lacs as on April 1, 2018 with expiry in financial year 2025-26. During the year there is further unabsorbed depreciation of Rs 34.89 lacs and business loss of Rs 819.17 lacs. An amount of Rs. 499.05 lacs has been created as Deferred Tax assets on total unabsorbed depreciation and business losses of Rs. 1855.73 lacs by the management on same, considering future projection of company and potential probability of future business income against which such deferred tax assets can be realised.

7 INVENTORIES

(Valued at lower of cost and net realisable value unless otherwise stated) (Refer accounting policies 2.08)		
Raw materials and components	79.06	719.99
Work-in-progress	20.55	189.93
Finished goods	172.29	237.58
Traded goods	-	12.91
Stores and spares	2.64	27.80
	274.54	**1,188.21**
Notes:		
(a) The above includes goods in transit as under:		
Raw materials	-	1.56
Finished goods	4.74	11.88

(b) Inventories are hypothecated with the bankers against the working capital limit. {Refer note 26(C)}
(c) During the year ended March 31, 2019: Rs. (568.30) lakhs (March 31, 2018: Rs. 172.41 lakhs) was recognised as an expense/(income) for write down of inventories.

8 CURRENT FINANCIAL ASSETS

(i) TRADE RECEIVABLES		
Unsecured		
Trade receivables: considered good	180.02	206.83
Trade receivables: credit impaired	111.06	114.40
Receivables from related parties- considered good refer note no. 27(4)}	133.64	214.52
Total receivables (gross)	424.72	535.75
Less: Impairment allowances for trade receivables credit impaired	(111.06)	(114.40)
	313.66	**421.35**

Note:
a) Trade receivables are usually non-interest bearing are on trade terms of 30 to 90 days credit.
b) No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is partner, a director or a member.

(ii) CASH AND CASH EQUIVALENTS		
Balances with banks:		
Current accounts	273.93	0.18
Cheques on hand	-	11.50
Cash on hand	0.01	0.04
(A)	**273.94**	**11.72**

(a) There are no restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.
(b) Changes in liabilities arising from financing activities

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Net debt reconciliation	Cash and cash equivalents		Long term Borrowing		Short term Borrowing	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Opening balance	11.72	2.18	-	-	737.74	1,028.00
Cash flows	262.22	9.54	885.00	-	(737.74)	(290.26)
Foreign exchange fluctuation	-	-	-		-	-
Interest expense	-	-	51.96	-	23.51	80.96
Interest paid			(51.96)	-	(23.51)	(80.96)
Closing balance	273.94	11.72	885.00	-	-	737.74

(iii) **OTHER BANK BALANCES (valued at amortised cost)**			
Fixed deposits account having a original maturity period of more than twelve months		-	1.83
	(B)	-	1.83
	(A+B)	273.94	13.55
(iv) **OTHER FINANCIAL ASSETS (valued at amortised cost)**			
Unsecured			
Security deposit and earnest money - considered good		39.46	23.15
Security deposit and earnest money - credit impaired		-	19.01
Other financial assets (Gross)		39.46	42.16
Less: Impairment allowances for financial assets credit impaired		-	(19.01)
		39.46	23.15
9 **OTHER CURRENT ASSETS**			
Unsecured, considered good			
Advances other than capital advances			
Advances against materials and services		0.04	5.63
Others			
Prepaid expenses		0.54	0.76
Balance with Statutory/ Government authorities		198.25	340.64
		198.83	347.03
10 **Current tax assets (Net)**			
Income Tax (net of provison for income tax)		1.43	-
		1.43	-

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Notes to Financial Statement for the year ended March 31, 2019

11 EQUITY

	As at March 31, 2019 Rs. in lakhs	As at March 31, 2018 Rs. in lakhs
(A) Share Capital		
a) Authorized equity share capital		
30,00,000 equity shares of Rs.10/- each (March 31,2018 : 30,00,000 equity shares of Rs.10/- each)	300.00	300.00
b) Preference share capital		
Authorized		
5,50,000 preference shares of Rs.10/- each (March 31,2018: 5,50,000 preference shares of Rs.10/- each)	55.00	55.00
Issued, subscribed Equity share capital		
26,36,226 equity shares of Rs.10/- each (March 31,2018 : 26,36,226 equity shares of Rs.10/- each)	263.62	263.62

c) Reconciliation of the equity shares outstanding at the beginning and at the end of the year

	March 31, 2019 No. of shares	March 31, 2019 (Rs.in lakhs)	March 31, 2018 No. of shares	March 31, 2018 (Rs.in lakhs)
At the beginning of the year	2,636,226	263.62	2,636,226	263.62
Movement during the year	-	-	-	-
Outstanding at the end of the year	2,636,226	263.62	2,636,226	263.62

d) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10/- per share (March 31, 2018: Rs10/- 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 (if any). The distribution will be in proportion to the number of equity shares held by the shareholders.

e) Shares held by Holding Company:

Out of the equity Shares issued by the Company, shares held by its holding company are as follows:

	As at March 31, 2019 (Rs.in lakhs)	As at March 31, 2018 (Rs.in lakhs)
Havells India Limited, the Holding Company 26,36,226 equity shares of Rs. 10/- each (March 31,2018 :18,16,943 equity shares of Rs. 10/- each)	263.62	181.69

f) Details of shareholders holding more than 5% shares in the Company is set out below (representing legal and beneficial ownership):

Name of Shareholders	March 31, 2019 No. of shares	March 31, 2019 % holding	March 31, 2018 No. of shares	March 31, 2018 % holding
Havells India Limited, the Holding Company	2,636,226	100.00%	1,816,943	68.92%
Kiran Moras	-	-	561,879	21.31%
Nikhil Das	-	-	257,404	9.77%

(B) OTHER EQUITY	As at March 31, 2019 Rs. in lakhs	As at March 31, 2018 Rs. in lakhs
Capital reserve	2.21	2.21
Security Premium	1,447.00	1,447.00
General Reserve	2.26	2.26
Retained Earnings	(1,019.41)	(602.09)
Total other equity	432.06	849.38
a) Capital Reserve	2.21	2.21
b) Securities Premium	1,447.00	1,447.00
c) General Reserve	2.26	2.26
d) Retained earning		
Opening balance	(602.09)	(147.42)
Loss for the year	(419.86)	(450.16)
Items of other comprehensive income recognised directly in retained earnings	-	-
Re-measurement gains/ (losses) on defined benefit plans	2.54	(4.51)
Closing balance	(1,019.41)	(602.09)
	432.06	849.38

(C) Nature & purpose of reserves

(a) Capital Reserve

This reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(b) Security Premium

The amount received in excess of face value of the equity shares is recognised in securities premium reserve. In case equity - settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium reserve. This reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(c) General Reserve

The reserve arises on transfer portion of the net profit pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

12 NON CURRENT FINANCIAL LIABLITIES

(i) Borrowing (valued at amortised cost)		
Loans from holding company (refer note below)	885.00	-
	885.00	-

Notes:

(i) During the year the Company has taken loan of Rs. 885 lakhs (March 31, 2018 : Nil) from its holding company "Havells India Limited". The loan is repayable immediately after completion of 24 months from date of the loan. {refer note 27 (4)}

(ii) For terms and conditions with related parties. {refer to note 27 (4)}

13 NON CURRENT PROVISIONS

(i) Provision for employee benefits		
Gratuity (Refer note no 27(2))	6.24	49.93
	6.24	49.93
(ii) Other provisions		
Product warranties (refer note no 15)	26.07	33.81
	26.07	33.81
	32.31	83.74

14 CURRENT FINANCIAL LIABILITY

(i) BORROWINGS		
Loans repayable on demand (secured)		
Working capital demand loan from bank (refer note no. 26C)	-	737.74
	-	737.74
(ii) TRADE PAYABLES		
Trade payables		
Total outstanding dues of micro and small enterprises	2.42	66.61
Total outstanding dues of creditors other than micro and small enterprises	200.23	516.36
	202.65	582.97

* The amounts are unsecured and are usually paid within 30 to 90 days of recognition.

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Notes to Financial Statement for the year ended March 31, 2019

* Trade payables are usually non- interest bearing .In few cases ,where the trade payables are interest bearing, the interest is settled on quarterly basis.

a) Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended March 31, 2019 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

i) Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act:		
Principal	2.42	66.61
Interest	-	-
ii) The amount of interest paid by the buyer in terms of section16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	4.04
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-
The total dues of Micro and Small Enterprises which were outstanding for more than stipulated period are Rs. Nil (March 31,2018- Rs Nil)	-	-

(iii) OTHER FINANCIAL LIABILITIES		
Trade deposits and retention money	8.80	21.38
Other liabilities		
Payable for services	31.69	38.79
	40.49	60.17

15 CURRENT PROVISIONS		
i) **Provision for employee benefits**		
Gratuity {refer note no. 27(2)}	1.78	15.16
	1.78	15.16
ii) **Other provisions**		
Product warranties (refer point below)	24.19	25.23
	24.19	25.23
	25.97	40.39

Note:
A provision is recognized for expected warranty claims and after sales services on products sold during the last one to five years, based on past experience of the level of repairs and returns. It is expected that significant portion of these costs will be incurred in the next financial year and all will be incurred within five years after the reporting date. Assumptions used to calculate the provisions for warranties were based on current sales levels and current information available about returns based on one to five years warranty period for all products sold.

At the beginning of the year	59.04	60.90
Arising during the year	26.78	25.74
Utilized during the year	(35.56)	(27.60)
At the end of the year	50.26	59.04
Current portion	24.19	25.23
Non-current portion (refer note no. 13)	26.07	33.81

16 OTHER CURRENT LIABILITIES		
Revenue received in advance		
Advance payment from customers	3.74	3.91
Others		
Other statutory dues payable	11.35	21.94
	15.09	25.85

	Year ended March 31, 2019 Rs.in lakhs	Year ended March 31, 2018 Rs.in lakhs
17 REVENUE FROM OPERATIONS		
Revenue from Contract with customers		
Sale of lighting products {refer note (a) below}	2,365.21	5,548.15
Sale of Services	-	0.21
	2,365.21	5,548.36
Other operating revenues		
Scrap sales {refer note (a) below}	41.06	7.47
Revenue from contracts with customers	2,406.27	5,555.83

Notes:

(a) Sale of products and scrap sales as reported above includes excise duty collected from customers of Rs Nil (March 2018: Rs 89.84 lakhs) and Rs Nil (March 31, 2018 : Rs 0.46 lakhs) respectively. Sale of Products and scrap sales net of excise duty are Rs 2365.21 lakhs (March 31, 2018: Rs 5458.31 lakhs) and Rs 41.06 lakhs (March 31, 2018 : Rs 7.01 lakhs) respectively. Effective July 01, 2017, the Government of India has implemented Goods and Service Tax ("GST") replacing Excise Duty, Service Tax and various other indirect taxes. The Company collects GST on behalf of the Government. Hence, GST is not included in Revenue from contract with customers. In view of the aforesaid change in indirect taxes, Revenue from operations year ended March 31, 2019 is not comparable March 31, 2018.

(b) Company deals in only one segment, hence disclosure related to disaggregation of revenue is not applicable.

(i) Timing of revenue recognition		
Goods transferred at a point in time	2,365.21	5,548.15
Services transferred over time	-	0.21
Total revenue from contract with customers	2,365.21	5,548.36
(ii) Revenue by location of customers		
India	2,365.21	5,548.36
Outside India	-	-
Total revenue from contract with customers	2,365.21	5,548.36
(iii) Reconciliation of revenue recognised in statement of profit and loss with contracted price		
Revenue as per contracted price	2,581.63	5,888.81
Less: Adjustments in account of para 126AA of Ind AS115	(175.36)	(340.45)
Total revenue from contract with customers	2,406.27	5,548.36

18 OTHER INCOME		
Interest received on financial assets carried at amortised cost:		
Bank deposits	0.06	0.14
Other non-operating Income		
Exchange fluctuations (net)	1.03	0.80
Liabilities no longer required written back	18.86	4.78
Reversal of Impairment allowance for trade receivables considered doubtful	3.34	2.38
Miscellaneous income	10.11	1.14
	33.40	9.24

19 COST OF MATERIALS CONSUMED		
Inventory at the beginning of the year	719.99	1,217.23
Add: Purchases	1,342.16	3,439.84
	2,062.15	4,657.07
Inventory at the Closing of the year	(79.06)	(719.99)
Cost of raw material and components consumed	1,983.09	3,937.08

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Notes to Financial Statement for the year ended March 31, 2019

20 PURCHASE OF TRADED GOODS

Lighting and fixtures	4.12	56.06
	4.12	56.06

21 CHANGE IN INVENTORIES OF FINISHED GOODS, TRADED GOODS AND WORK-IN-PROGRESS

	Year ended March 31, 2019 Rs.in lakhs	Year ended March 31, 2018 Rs.in lakhs	(Increase)/ Decrease
Inventories at the end of the year			
Traded goods	-	12.91	12.91
Finished goods	172.29	237.58	65.29
Work in progress	20.55	189.93	169.38
	192.84	440.42	247.58
Inventories at the beginning of the year			
Traded goods	12.91	-	(12.91)
Finished goods	237.58	201.84	(35.74)
Work in progress	189.93	258.44	68.51
	440.42	460.28	19.86

	Year ended March 31, 2019 Rs.in lakhs	Year ended March 31, 2018 Rs.in lakhs
22 EMPLOYEE BENEFITS EXPENSES		
Salaries, wages, bonus, commission and other benefits	447.06	646.40
Contribution towards PF, Family Pension and ESI	24.80	39.26
Gratuity expense {refer note no. 27(2)}	6.09	17.79
Staff welfare expenses	5.80	11.22
	483.75	714.67
23 FINANCE COSTS		
Interest expense	75.47	80.96
	75.47	80.96
24 DEPRECIATION AND AMORTISATION EXPENSES		
Depreciation of tangible assets {refer note 3}	73.32	91.18
Amortisation of intangible assets {refer note 4}	4.83	4.48
	78.15	95.66
25 OTHER EXPENSES		
Consumption of stores and spares	66.24	169.07
Power and fuel	18.83	24.05
Job work charges	14.32	276.47
Increase / (Decrease) in excise duty on inventory of finished goods and scrap material	-	(16.51)
Rent	32.61	34.00
Repairs and maintenance:		
Plant and machinery	2.96	8.29
Buildings	-	2.43
Others	7.00	13.61
Rates and taxes	51.08	28.01
Insurance	-	11.23
Travelling and conveyance	38.54	57.93
Communication expenses	12.14	12.49
Legal and professional charges	4.83	17.39
Payment to Auditors		
As Auditors:		
Audit fee	5.00	5.00
Tax Audit Fee	1.00	1.00
Reimbursement of expenses	0.95	1.43
Selling & distribution expenses	30.35	58.51
Advertisement and sales promotion	3.94	6.92
Commission on sales	1.18	2.08
Product warranties and after sales services (net of reversal)	26.78	25.74
Loss on sale/ discard of property plant & equipment (net)	110.31	0.28
Bad debts written off	6.82	4.61
Provision for doubtful financial assets	-	19.01
Impairment allowances for trade receivables considered doubtful	-	58.62
Bank charges	4.18	3.55
Miscellaneous expenses	47.36	32.51
	486.42	857.72

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26 COMMITMENTS AND CONTINGENCIES

	As At March 31,2019	(Rs.in lakhs) As At March 31,2018
A Contingent liabilities (to the extent not provided for)		
Disputed tax liabilities in respect of pending cases before appellate authorities {Amount deposited under protest Rs Nil (March 31, 2018: Rs. 14.48 lakhs)} {refer point (ii)} (Included in "deposit with statutory and government authorities" in note no. 9)	9.59	57.86

Notes:

The various disputed tax liabilities are as under :

Sl.	Description	Period to which relates	Disputed amount as at March 31, 2019	Period to which relates	Disputed amount as at March 31, 2019
a)	**Sales Tax / VAT** Show cause notices / demands raised by Sales tax / VAT department pending before Appellate Tribunal, Commercial Tax, Karnataka	FY 2012-13 to 2013-14	-	FY 2012-13 to 2013-14	48.28
b)	**Income Tax** Department has levied late filling fee on TDS returns and interest thereon u/s 234E and 220(2), appeal filed before the ITAT, Bangalore	FY 2012-13 to 2014-15	9.59	FY 2012-13 to 2014-15	9.58
			9.59		**57.86**

B Commitments

Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	-	-

C Undrawn committed borrowing facility

a) The Company had availed the Working capital limits from Yes Bank Limited amounting to Rs Nil (March 31,2018:-737.74 lakhs).As at March 31,2019 an amount of Rs. 67.11 lakhs (March 31,2018-1262.24 lakhs) remains undrawn against the following terms and conditions.

b) The working Capital limit from Yes Bank was secured by way of:

- Whole of the Current Assets of the Company's stocks including raw material, semi-finished and finished goods, stores and spares relating to plant and machinery (consumable stores and spares), Bills receivables and book debts and all other receivables and movables (both present and future) whether lying or stored in or about or shall hereinafter from time to time during the security of these presents be brought into or upon or be stored or be in or about of the Company's Manufacturing units, premises and godowns situated anywhere.
- Whole of the Moveable Fixed Assets of the Company including Plant and Machinery located at Shibra Farms, Near 8th Mile, Tumkur Road, Bangalore – 560073
- All the book debts and receivables (both present and future) of the Company including outstanding monies receivable claims and bills which are now due and owing or which may at any time hereafter during the continuance of this security become due and owing to the Company in the course of its business.

Subsquent to year end, the bank has initated process of satsfication of above charge with registrar of Company

D Leases

Operating lease commitments - Company as lessee

a) The Company has taken various residential/commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry. There are no restrictions placed upon the Company by entering into these leases and there are no subleases. The annual increments are expected to be in line with the expected general inflation to compensate the lessor for the expected inflationary cost increase.The Company has paid Rs. 32.61 lakhs (previous year Rs.34.00 lakhs) on account of rent of such premises.

27 OTHER NOTES ON ACCOUNTS

1 During the year, a scheme of Amalgamation("The Scheme") under section 230 to 232 of Companies act 2013 has been filed with NCLT, among the compnay, its holding company and subsidiaries of the holding Company namely M/s. Standard Electrical Limited, M/s. Lloyd Consumer Private Limited & M/s. Havells Global Limited, which is subject to the approval of NCLT, upon approval company shall be amalgamated with parent company as per above scheme. Pending approval, the company continues to operate its Lighting business and shall provide technology assistance to its Parent company and shall continue to do business with support. The carry forward of assests includes deffered tax assets and liablities which have been assessed on the basis of individual business future projections of the Company

2 Disclosures pursuant to Ind AS - 19 "Employee Benefits"(notified under the section 133 of the Companies Act 2013 (the Act) read with Companies (Indian Accounting Standards) Rule 2015 (as amended from time to time) and other relevant provision of the Act) are given below :

Contribution to Defined Contribution Plan, recognised as expense for the year is as under:

	As At March 31,2019	(Rs. in lakhs) As At March 31,2018
Employer's Contribution towards Provident Fund (PF)	19.20	30.50
Employer's Contribution towards Employee State Insurance (ESI)	5.60	8.76
	24.80	39.26

There are numerous interpretative issues relating to Supreme Court(SC) judgement dated 28th Feburary, 2019 on Provident Fund on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The company is evaluating and seeking legal inputs regarding various interpretative issues.

Defined Benefit Plan

Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

		March 31,2019	(Rs. in lakhs) March 31,2018
a)	**Reconciliation of opening and closing balances of Defined Benefit obligation**		
	Present Value of Defined Benefit obligation at beginning of the year	65.09	49.02
	Transfer of liability to group companies	(10.11)	-
	Interest Expense	4.18	2.86
	Current Service Cost	1.91	11.25
	Benefit paid	(49.61)	(8.16)
	Remeasurement of (Gain)/loss in other comprehensive income		
	Actuarial changes arising from changes in demographic assumptions	-	-
	Actuarial changes arising from changes in financial assumptions	0.10	(1.27)
	Actuarial changes arising from changes in experience adjustments	(3.54)	7.71
	Past Service Cost	-	3.68
	Defined Benefit obligation at year end	8.02	65.09
b)	**Net liability recognised in the balance sheet**		
	Fair value of plan assets	-	-
	Present value of defined benefit obligation	(8.02)	(65.09)
	Amount recognised in Balance Sheet- liability	(8.02)	(65.09)
c)	**Net Benefit Expense (Recognised in the Statement of profit and loss for the year)**		
	Current Service Cost	1.91	14.93
	Net Interest Cost	4.18	2.86
	Net Defined Benefit Cost debited to statement of profit and loss	6.09	17.79
d)	**Remeasurement (gain)/ loss recognised in Other Comprehensive Income**		
	Actuarial changes arising from changes in demographic assumptions	-	-
	Actuarial changes arising from changes in financial assumptions	0.10	(1.27)
	Actuarial changes arising from changes in experience adjustments	(3.54)	7.71
	Return on Plan assets excluding interest income	-	-
	Recognised in other comprehensive income	(3.44)	6.44
e)	**Principal assumptions used in determining defined benefit obligation**	March 31,2019	March 31,2018
	Discount rate (per annum)	6.85%	7.25%
	Salary escalation	9.00%	9.00%
	Attrition Rate	28.00%	28.00%
f)	**Quantitative sensitivity analysis for significant assumptions is as below:**		
	Increase / (decrease) on present value of defined benefits obligations at the end of the year	March 31,2019	March 31,2018
	Discount Rate		
	Increase by 0.50%	(0.13)	(1.02)
	Decrease by 0.50%	0.13	1.05
	Salary Increase		
	Increase by 0.50%	0.13	0.99

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Decrease by 0.50%	(0.13)	(0.96)
Attrition Rate		
Increase by 10%	(0.15)	(0.96)
Decrease by 10%	0.17	1.12

g) **Maturity profile of defined benefit obligation**

Within the next 12 months (next annual reporting period)	1.78	15.16
Between 1 and 5 years	5.41	43.30
Between 5 and 10 years	2.27	19.57
Total expected payments		

h) The Company has not maintained any fund for the plan assets during the year.

i) The average duration of the defined benefit plan obligation at the end of the reporting period is 24.27 years (previous year 25.70 years).

j) The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary.

k) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

l) The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period year.

m) The company expects the expected benefit payments to employees March 31,2019 :- Rs. 1.78 lakhs (March 31,2018:- Rs 15.16 lakhs) during the next financial year.

3 **Segment Reporting**

As the company's business activity primary falls within a single business and geographical segment,in view of the same, separate segment information is not required to be given as per requirements of Ind AS -108. However other disclosures required by Ind AS 108 are as follows:

	March 31,2019	(Rs. in lakhs) March 31,2018
Segment Revenue by location of customers		
The following is the distribution of Company's revenue by geographical market, regardless of where the goods were produced.		
Revenue-Domestic Market	2,406.27	5,555.83
Revenue-Overseas Market	-	-
	2,406.27	5,555.83

Revenue from one customer amounted to Rs 1,538.84 lakhs (31 March 2018: INR 4,901.83 lakhs), arising from sales of goods.

Geographical Non-current operating assets		
Within India	302.79	615.60
Outside India	-	-
Total	302.79	615.60

Non-current assets for this purpose consist of property, plant and equipment, Capital work-in-progress, intangible assets, other non-current assets and deferred tax assets

Geographical Capital Expenditure		
Within India	8.22	24.28
Outside India	-	-
	8.22	24.28

4 **Related party transactions**

The related parties as per the terms of Ind AS-24,"Related Party Disclosures", (under the section 133 of the Companies Act 2013 (the Act) read with Companies (Indian Accounting Standards) Rule 2015 (as amended from time to time), as disclosed below:-

(A) **Names of related parties and description of relationship :**

(i) **Related party where control exists**

Holding Company	**Relationship**
1 Havells India Limited	Holding Company

(B) **Names of other related parties with whom transactions have taken place during the year :**

Key Management Personnel

1 Shri Kiran Moras	Ceased to be a Director w.e.f August 31,2018)

	March 31,2019	(Rs. in lakhs) March 31,2018
(C) Transactions during the year		
(i) Sales of Finished Goods (Refer note (c) below)		
Holding Company		
Havells India Limited	1,538.94	4,901.83
	1,538.94	4,901.83
(ii) Sales of property, plant and equipment (Refer note (c) below)		
Holding Company		
Havells India Limited	139.58	-
	139.58	-
(iii) Purchase of traded goods (Refer note (c) below)		
Holding Company		
Havells India Limited	30.64	138.10
	30.64	138.10
(iv) Reimbursement of Expenses paid		
Holding Company		
Havells India Limited	0.85	115.76
Key Management Personnel		
Shri Kiran Moras	1.77	7.05
	2.62	122.81
(v) Reimbursement of Expenses received		
Holding Company		
Havells India Limited	150.83	267.46
	150.83	267.46
(vi) Managerial remuneration		
Key Management Personnel		
Salaries,Wages,Bonus,Commission and other benefits		
Shri Kiran Moras	24.55	43.52
	24.55	43.52
(vii) Loan from Holding company		
Holding Company		
Havells India Limited	885.00	-
	885.00	-
(viii) Interest Paid on Loan		
Holding Company		
Havells India Limited	51.96	-
	51.96	-
(D) Balances at the year end		
(i) Amount receivables		
Holding Company		
Havells India Limited	133.64	214.52
	133.64	214.52
(ii) Loans payable		
Holding Company		
Havells India Limited	885.00	
	885.00	-

a) The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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b) All the liabilities for post retirement benefits being 'Gratuity' are provided on actuarial basis for the company as a whole, the amount pertaining to Key management personnel are not included above.

c) Transactions reported are inclusive of tax.

5 Fair values measurements

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

(Rs. In lakhs)

Financial instruments by category	Carrying Value		Fair Value	
	As At March 31,2019	As At March 31,2018	As At March 31,2019	As At March 31,2018
Financial assets at amortised cost				
Trade Receivables	313.66	421.35	313.66	421.35
Cash and bank balances (current)	273.94	13.55	273.94	13.55
Other Financial Assets (current)	39.46	23.15	39.46	23.15
Other Financial Assets (non current)	-	41.28	-	41.28
Other bank balance (Non current)	0.70	0.00	0.70	0.00
	627.76	499.33	627.76	499.33
Financial Liabilities at amortised cost				
Trade Payables	202.65	582.97	202.65	582.97
Borrowings (Non-current)	885.00	-	885.00	-
Borrowings (current)	-	737.74	-	737.74
Other financial liabilities (current)	40.49	60.17	40.49	60.17
	1,128.14	1,380.88	1,128.14	1,380.88

The fair value of the financial assets and liabilities is included 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. The following methods and assumptions were used to estimate the fair values:

1) The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

2) The fair values of the Company's interest-bearing borrowings and loans are determined by using effective interest rate (EIR) using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2019 was assessed to be insignificant

3) Long-term receivables/payables are evaluated by the Company based on parameters such as interest rates, risk factors, individual creditworthiness of the counterparty and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

4) **Fair value hierarchy**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

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

Assets carried at amortized cost for which fair value are disclosed	Carrying Value March 31,2019	Fair Value Level 1	Level 2	Level 3
Cash and bank balances (Current)	273.94	273.94	-	-
Other bank balances (non - current)	0.70	0.70	-	-
Trade Receivables	313.66	-	-	313.66
Other Financial assets (current)	39.46	-	-	39.46
Liabilities carried at amortized cost for which fair value are disclosed				
Trade Payables	202.65	-	-	202.65
Borrowings (Non-current)	885.00	-	-	885.00
Other financial liabilities (current)	40.49	-	-	40.49

Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2018

Assets carried at amortized cost for which fair value are disclosed	Carrying Value March 31,2019	Fair Value Level 1	Level 2	Level 3
Cash and bank balances	13.55	13.55	-	-
Trade Receivables	421.35	-	-	421.35
Other Financial assets (non-current)	41.28	-	-	41.28
Other Financial assets (current)	23.15	-	-	23.15
Liabilities carried at amortized cost for which fair value are disclosed				
Trade Payables	582.97	-	-	582.97
Borrowings (current)	737.74	-	-	737.74
Other financial liabilities (current)	60.17	-	-	60.17

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

6 Financial risk management objectives and policies

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that are derived directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the company are accountable to the Board of Directors. This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized as below:

(a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at March 31 2019. The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2019.

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in foreign currency). Foreign currency exchange rate exposure is party balanced by purchasing of goods from the respective countries. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows establish risk management policies.

Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the company profit before tax is due to changes in the fair value of monetary assets and liabilities. Foreign currency exposures recognized by the Company that have not been hedged by a derivative instrument or otherwise are as under:

			March 31,2019			
Description of Currency	**Currency Symbol**		**Foreign Currency**	**Indian Rupees**	**1% increase**	**1% decrease**
United States Dollar	USD	$	-	-	-	-

			March 31,2018			
Currency	**Currency Symbol**		**Foreign Currency**	**Indian Rupees**	**1% increase**	**1% decrease**
United States Dollar	USD	$	(0.59)	(38.53)	(0.39)	0.39

Note:

Figures in bracket represents payables

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(ii) Interest Rate Risk

Interest rate 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 Company's debt obligation at floating interest rates.The Company's borrowings outstanding as at March 31, 2019 comprise of working capital loan at flaoting rate of interest.

Interest rate Sensitivity of Borrowings

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rates on floating rate portion of loans and borrowings.

		(Rs. In lakhs)
	Increase/decrease in basis points	**Impact on profit before tax**
March 31, 2019		
Loan from holding Company	+0.50	(4.42)
	-0.50	4.42
March 31, 2018		
'Working capital demand loan from bank	+0.50	(3.69)
	-0.50	3.69

(b) Credit Risk

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

(i) Trade Receivables

Customer credit risk is managed by business heads subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made in bank deposits. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2019 is the carrying amounts. The Company's maximum exposure relating to financial is noted in the liquidity table below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtors failing to engage in the repayment plan with the Company.

	As at March 31,2019	As at March 31,2018
Financial assets for which allowance is measured using 12 months Expected Credit Loss Method (ECL)	**Rs in lakhs**	**Rs in lakhs**
Cash and Bank balance	274.64	13.55
Other Current financial assets	39.46	23.15
Other Non-current financial assets	0.00	41.28
	314.10	77.98
Financial assets for which allowance is measured using Life time Expected Credit Loss Method (ECL)		
Trade Receivables	313.66	421.35
	313.66	421.35

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks

The ageing analysis of trade receivables (gross of provision) has been considered from the date the invoice falls due

Particulars	**As at March 31,2019 Rs in lakhs**	**As at March 31,2018 Rs in lakhs**
Neither past due nor impaired	220.93	335.33
0 to 180 days due past due date	71.84	86.02
More than 180 days past due date	20.88	-
Total Trade Receivables (gross of provision)	**313.65**	**421.35**

The following table summarises the change in loss allowance measured using the life time expected credit loss model:-		
At the beginning of the year	114.40	58.16
Provision during the year	-	58.62
Reversal of Impairment allowance	(3.34)	(2.38)
At the end of the year	**111.06**	**114.40**

(c) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Comapny closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short term bank deosits and cash credit facility. Processes and policies related to such risks are overseen by senior management. Mangement monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows. The Company assessed the concentration of risk with respect to its debt and concluded it to be low.

Maturity profile of financial liabilities

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

As at March 31, 2019	Less than 1 year	1 to 5 years	Total
Borrowings	-	885.00	**885.00**
Trade payables	202.65	-	**202.65**
Other current financial liabilities	40.49	-	**40.49**

As at March 31, 2018	Less than 1 year	1 to 5 years	Total
Borrowings	737.74	-	**737.74**
Trade payables	582.97	-	**582.97**
Other current financial liabilities	60.17	-	**60.17**

(e) Capital Management

For the purposes of Company's capital management, Capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Company's capital management is to safeguard its ability to continue as going concern and to ensure that it maintains an efficient capital structure and maximize shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2019 and March 31, 2018. The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as loans and borrowings less cash and cash equivalent.

Particulars	**As at March 31,2019 (Rs in lakhs)**	**As at March 31,2018 (Rs in lakhs)**
Loans and borrowings {refer note 12(i) and 14(i)}	885.00	737.74
Less:- Cash and cash equivalents {refer note 8(ii)}	(273.94)	(11.72)
Net debt	**611.06**	**726.02**
Equity (Net Worth)	695.68	1,113.00
Total Captial	**695.68**	**1,113.00**
Capital and Net debt	1,306.74	1,839.02
Gearing ratio (Net Debt/Capital and Net Debt)	47%	39%

Note: No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2019 and March 31, 2018

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7	Earnings per share		Year ended March 31,2019	Year ended March 31,2018
a)	**Basic Earnings per share**			
	Numerator for earnings per share			
	Loss after taxation	(Rs in lakhs)	(419.86)	(450.16)
	Denominator for earnings per share			
	Weighted number of equity shares outstanding during the year	(Numbers)	2,636,226	2,636,226
	Earnings per share-Basic (one equity share of Rs. 10/- each)	Rs.	**(15.93)**	**(17.08)**
b)	**Diluted Earnings per share**			
	Numerator for earnings per share			
	Loss after taxation	(Rs in lakhs)	(419.86)	(450.16)
	Denominator for earnings per share			
	Weighted number of equity shares outstanding during the year	(Numbers)	2,636,226	2,636,226
	Earnings per share-diluted (one equity share of Rs. 10/- each)	Rs.	**(15.93)**	**(17.08)**

Note:
There are no instruments issued by the company which have effect of dilution of basic earning per share

8 The figures have been rounded off to the nearest lakhs of rupees upto two decimal places. The figure 0.00 wherever stated represents value less than Rs. 500/-.
9 Note No.1 to 27 form integral part of the balance sheet and statement of profit and loss.

As per our report of even date

For and on behalf of Board of Directors

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Registration No. 301003E/E300005

Rajiv Goel
Director
DIN 00714821

Ameet Kumar Gupta
Director
DIN: 00002838

Per Vikas Mehra
Partner
Membership No. 094421
Date: May 28, 2019
Place: Noida

S.R. BATLIBOI & CO. LLP
NEW DELHI

Sachin Sharma
Authorised Signatory