

Eltech Engineers Madras Private Limited

Financial statements together with the
Independent Auditors' Report
for the year ended 31 March 2019

Eltech Engineers Madras Private Limited

Financial statements together with the Independent Auditors' Report
for the year ended 31 March 2019

Contents

Independent Auditors' Report

Balance Sheet

Statement of Profit and Loss

Cash Flow Statement

Notes to the financial statements



S G J & CO
Chartered Accountants

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Independent Auditors' Report

To the Members of
Eltech Engineers Madras Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Eltech Engineers Madras Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, the statement of profit and loss and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

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

Basis for Opinion

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

Emphasis of Matter

Without qualifying our opinion on account of this matter, we draw attention to following matter included in Notes to the financial statements:

1. Note 2 of the financial statements regarding the fact that the Company has incurred a loss of Rs 1,05,24,466 for the year ended 31 March 2019. As at 31 March 2019, its accumulated losses were Rs 2,90,34,773, the current liabilities were Rs 6,08,44,052 and current assets were Rs 3,22,24,680. Further, its net worth as at 31 March 2019 was negative Rs 2,60,34,773. The appropriateness of the going concern assumption is dependent upon realisation of various business initiatives undertaken by the Company. The Holding Company has committed to provide all financial and other support to enable the Company to operate as a going concern.



Independent Auditors' Report (Continued)

Eltech Engineers Madras Private Limited

Key Audit Matters

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

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
1	<p>Revenue recognition accuracy, measurement, presentation and disclosure</p> <p>Revenue is measured based on transaction price, which is the consideration, adjusted for discounts. As disclosed in Note 3.7 to the financial statements, revenue from sale of products is recognized when the property and all significant risks and rewards of ownership are transferred to the buyer and no significant uncertainty exists regarding the amount of consideration that will be derived from the sale of products. Revenue from support services is recognized on rendering of services in accordance with the contractual agreement with the customers.</p>	<p>Our audit procedures included following:</p> <ul style="list-style-type: none">- Considering the appropriateness of the management's accounting policies regarding revenue recognition;- Obtained an understanding of management's process over revenue recognition and evaluated design of internal controls around revenue recognition;- Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing.

Other information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.



Independent Auditors' Report (Continued)

Eltech Engineers Madras Private Limited

Management's Responsibility for the Financial Statements

The Company's Management and Board of Directors is responsible for the matters stated in Section 134 (5) of the Act, with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit / loss and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (AS) prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are 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.

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Independent Auditors' Report (*Continued*)

Eltech Engineers Madras Private Limited

Auditors' Responsibility for the Audit of the Financial Statements (*Continued*)

- 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



Independent Auditors' Report (Continued)

Eltech Engineers Madras Private Limited

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A", a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

- (A) As required by Section 143 (3) of the Act, we report that:
- (a) we have sought and obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards (AS) prescribed under Section 133 of the Act;
 - (e) on the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - (f) with respect to the adequacy of the internal financial controls with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
1. The Company does not have any pending litigations which would impact its financial position
 2. the Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses;
 3. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019.
 4. the disclosures in the financial statements regarding holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.



Independent Auditors' Report (*Continued*)

Eltech Engineers Madras Private Limited

Report on Other Legal and Regulatory Requirements (*Continued*)

(C) With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **SGJ & CO**
Chartered Accountants
Firm's Registration No: 137904W



Som Nath Saini

Som Nath Saini
Partner
Membership No: 093079

Mumbai, May 13, 2019

Eltech Engineers Madras Private Limited

Annexure A to the Independent Auditors' Report – 31 March 2019

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2019, we report the following:

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 - (b) The Company has a regular programme of physical verification of its property, plant and equipment by which property, plant and equipment are verified by the management according to a phased programme designed to cover all the items over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not have any immovable properties.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. We are informed that the discrepancies noticed on verification between the physical stocks and the book records were not material.
- (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 ('the Act'). Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act. According to the information and explanations given to us, the provisions of Section 186 of the Act in respect of the loans given, guarantees given, securities provided or investments made during the year are not applicable to the Company.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.
- (vi) To the best of our knowledge and as explained to us, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act for the business activities carried out by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.



Eltech Engineers Madras Private Limited

Annexure A to the Independent Auditors' Report – 31 March 2019 (Continued)

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Income-tax, Provident fund, Profession tax, Goods and Services tax, Cess and other material statutory dues have been regularly deposited during the year with the appropriate authorities though there has been delays in certain instances. As explained to us, the Company did not have any dues on account of wealth tax.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Provident fund, Profession tax, Goods and Services tax, Cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income-tax, Duty of excise, Sales tax, Service tax, Value added tax and Goods and Services tax as at 31 March 2019 which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans to banks. The Company did not have any outstanding dues to financial institutions, government and debenture holders during the year.
- (ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and has not obtained any term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by applicable AS.



Eltech Engineers Madras Private Limited

Annexure A to the Independent Auditors' Report – 31 March 2019 (*Continued*)

- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **S G J & CO**
Chartered Accountants
Firm's Registration No: 137904W



Som Nath Saini

Som Nath Saini
Partner
Membership No: 093079

Mumbai, May 13, 2019

Eltech Engineers Madras Private Limited

Annexure B to the Independent Auditors' Report – 31 March 2019

Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

(Referred to in paragraph (A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Eltech Engineers Madras Private Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements 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 ("the Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with respect to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.



Eltech Engineers Madras Private Limited

Annexure B to the Independent Auditors' Report – 31 March 2019 (Continued)

Auditors' Responsibility (Continued)

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with respect to financial statements and their operating effectiveness. Our audit of internal financial controls with respect to financial statements included obtaining an understanding of internal financial controls with respect to 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 auditors' 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 Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial controls with reference to 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 controls with reference to financial statements include 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 with reference to financial statements

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

For **S G J & CO**
Chartered Accountants
Firm's Registration No: 137904W



Som Nath Saini
Som Nath Saini
Partner

Membership No: 093079

Mumbai, May 13, 2019

Eltech Engineers Madras Private Limited

Balance Sheet

as at 31 March 2019

(All amounts are in Indian Rupees, unless otherwise stated)

	Note No.	31 March 2019	31 March 2018
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	3,000,000	3,000,000
Reserves and surplus	5	(29,034,773)	(18,510,307)
		(26,034,773)	(15,510,307)
Non-current liabilities			
Long-term borrowings	6	1,525,000	9,323,847
Current liabilities			
Short-term borrowings	7	10,015,548	9,161,561
Trade payables	8	38,715,225	33,267,600
Other current liabilities	9	12,113,279	15,867,085
		60,844,052	58,296,246
Total		36,334,279	52,109,786
ASSETS			
Non-current assets			
Property, plant and equipment	10		
Tangible assets		3,935,986	4,090,457
Deferred tax asset (net)	11	-	-
Long-term loans and advances	12	173,613	116,010
		4,109,599	4,206,467
Current assets			
Inventories	13	8,836,589	24,597,150
Trade receivables	14	22,496,986	21,814,356
Cash and bank balances	15	17,715	291,828
Short-term loans and advances	16	873,390	1,199,985
		32,224,680	47,903,319
Total		36,334,279	52,109,786
Significant accounting policies	3		
Notes to the financial statements	3-24		

The accompanying notes 3-24 form an integral part of the financial statements.

As per our report of even date attached.

For S G J & CO.

Chartered Accountants

Firm's Registration No: 137904W


Som Nath Saini
Partner
Membership No: 093079

Mumbai, May 13, 2019



For and on behalf of the Board of Directors of
Eltech Engineers Madras Private Limited


T. Upendra Rao
Wholetime Director
DIN: 00701047


Krishnamurthi Sriram
Director
DIN: 07659115



Eltech Engineers Madras Private Limited

Statement of Profit and Loss

for the year ended 31 March 2019

(All amounts are in Indian Rupees, unless otherwise stated)

	Note No.	31 March 2019	31 March 2018
Income			
Revenue from operations	17	128,786,875	65,661,559
Other income	18	7,867,383	-
		<u>136,654,258</u>	<u>65,661,559</u>
Expenses			
Cost of materials consumed	19	123,062,942	40,183,424
Changes in inventories of finished goods and work-in-progress	20	(3,300,000)	-
Employee benefits expense	21	20,086,077	17,060,552
Finance costs	22	951,827	796,734
Depreciation and amortisation	10	154,471	92,450
Other expenses	23	6,223,407	6,254,017
		<u>147,178,724</u>	<u>64,387,177</u>
(Loss) / Profit before tax		(10,524,466)	1,274,382
Tax expense:			
- Current tax		-	-
- Deferred tax charge / (credit)		-	-
(Loss) / Profit after tax		(10,524,466)	1,274,382
Earning per equity share (in rupees)			
- Basic and diluted earning per equity share of face value of Rs 10 each	24.4	(35.08)	4.25
Significant accounting policies	3		
Notes to the financial statements	3-24		

The accompanying notes 3-24 form an integral part of the financial statements.

As per our report of even date attached.

For S G J & CO.

Chartered Accountants

Firm's Registration No: 137904W

Som Nath Saini

Partner

Membership No: 093079

Mumbai, May 13, 2019



**For and on behalf of the Board of Directors of
Eltech Engineers Madras Private Limited**

T. Upendra Rao

T. Upendra Rao
Wholetime Director
DIN: 00701047

Krishnamurthi Sriram

Krishnamurthi Sriram
Director
DIN: 07659115



Eltech Engineers Madras Private Limited

Cash Flow Statement

for the year ended 31 March 2019

(All amounts are in Indian Rupees, unless otherwise stated)

	31 March 2019	31 March 2018
A) Cash flow from operating activities:		
(Loss) Profit before taxation	(10,524,466)	1,274,382
Depreciation and amortisation	154,471	92,450
Liabilities no longer required written back	(7,798,847)	-
Bad debts written off	-	200,719
Finance costs	951,827	796,734
Interest income	(68,536)	-
Operating (loss) profit before working capital changes	(17,285,551)	2,364,285
Adjustments for changes in working capital:		
Decrease (Increase) in inventories	15,760,561	(16,344,750)
(Increase) in trade receivables	(682,630)	(21,937,842)
Decrease (Increase) in loans and advances	746,777	(425,283)
Increase in trade payable	5,447,625	24,872,031
(Decrease) Increase in other liabilities	(3,753,806)	9,780,434
Cash generated from operations	232,976	(1,691,125)
Direct taxes paid (net)	(477,785)	(40,623)
Net cash flows used in operating activities	(A) (244,809)	(1,731,748)
B) Cash flow from investing activities:		
Purchase of fixed assets	-	(583,640)
Proceeds from maturity of fixed deposits	258,000	528,910
Interest received	68,536	-
Net cash flows generated from (used in) investing activities	(B) 326,536	(54,730)
C) Cash flow from financing activities:		
Proceeds from long term borrowings (net)	-	1,810,000
Proceeds from short term borrowings (net)	479,193	763,966
Finance costs paid	(577,033)	(796,734)
Net cash flows (used in) generated from financing activities	(C) (97,840)	1,777,232
Net (decrease) in cash and cash equivalents	(A+B+C) (16,113)	(9,246)
Cash and cash equivalents at the beginning of the year	33,828	43,074
Cash and cash equivalent at the end of the year	17,715	33,828



Eltech Engineers Madras Private Limited

Cash Flow Statement (Continued)

for the year ended 31 March 2019

(All amounts are in Indian Rupees Lakhs, unless otherwise stated)

31 March 2019

31 March 2018

Notes:

- 1 Component of cash and cash equivalent (Refer note 15)

Cash in hand	12,253	28,064
Bank balances		
- in current accounts	5,462	5,764
	<u>17,715</u>	<u>33,828</u>

- 2 The above cash flow statement has been prepared under "indirect method" set out in Accounting Standard - 3 on cash flow statements.

As per our report of even date attached.

For S G J & CO

Chartered Accountants

Firm's Registration No: 137904W

Som Nath Saini

Som Nath Saini

Partner

Membership No: 093079

Mumbai, May 13, 2019



**For and on behalf of the Board of Directors of
Eltech Engineers Madras Private Limited**

T. Upendra Rao

T. Upendra Rao
Wholetime Director
DIN: 00701047

K. Krishnamurthi Sriram

Krishnamurthi Sriram
Director
DIN: 07659115



Eltech Engineers Madras Private Limited

Notes to the financial statements

for the year ended 31 March 2019

(All amounts are in Indian Rupees, unless otherwise stated)

1. Company overview

Eltech Engineers Madras Private Limited (“the Company”) was incorporated on 9th September 1996 under the provisions of the Companies Act, 1956.

The Company is engaged in the business of designing, manufacturing, trading and servicing of electricals panels, switch boards, power control centers, motor control centers, bus ducts, rising mains, distribution boards and its accessories.

2. Going concern

The Company has incurred a loss of Rs 1,05,24,466 for the year ended 31 March 2019. As at 31 March 2019, its accumulated losses were Rs 2,90,34,773, the current liabilities were Rs 6,08,44,052 lakhs and current assets were Rs 3,22,24,680. Further, it's net worth as at 31 March 2019 was negative Rs 2,60,34,773. However, the Company has been in continued operations backed with adequate orders to be executed and support from parent company. The Company is very positive of overcoming these accumulated losses with the basis of improved business in coming years and also additional funding support from its shareholders and will continue to operate as a going concern and consequently will be in a position to continue in operation for the foreseeable future, to realize its assets and to discharge its liabilities as they fall due for payment in the normal course of business.

Accordingly, the financial statements of the Company have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that may be necessary if it is unable to continue as a going concern.

3. Significant accounting policies

3.1 Basis of preparation of financial statements

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

The accompanying financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (“the Act”). The financial statements are presented in Indian Rupees.

3.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (“GAAP”) in India requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.



Eltech Engineers Madras Private Limited

Notes to the financial statements

for the year ended 31 March 2019

(All amounts are in Indian Rupees, unless otherwise stated)

3. Significant accounting policies (*Continued*)

3.3 Current / Non-current classification

All assets and liabilities are classified into current and non-current.

Assets

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

- (a) it is expected to be realised in, or is intended for sale or consumption in, the entity's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within twelve months after the balance sheet date; or
- (d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

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

- (a) it is expected to be settled in, the entity's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within twelve months after the balance sheet date; or
- (d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.



Eltech Engineers Madras Private Limited

Notes to the financial statements

for the year ended 31 March 2019

(All amounts are in Indian Rupees, unless otherwise stated)

3 Significant accounting policies (Continued)

3.4 Property, plant and equipment (tangible assets) and depreciation

Property, plant and equipment (tangible assets) are carried at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. Cost includes inward freight, duties, taxes (to the extent not recoverable from tax authorities) and expenses incidental to acquisition and installation up to the time the assets are ready for intended use.

Capital work-in-progress comprises of the cost of property, plant and equipment that are not yet ready for their intended use at the balance sheet date and are carried at cost comprising direct cost, related incidental expenses, other directly attributable costs and borrowing costs.

Subsequent expenditures related to an item of property, plant and equipment are added to its book value only if they increase the future benefit from existing assets beyond its previously assessed standard of performance.

Depreciation on tangible property and plant and equipment is provided under the written down method in accordance with the useful life prescribed in Schedule II to the Act. Depreciation is provided on a pro-rata basis i.e. from the date on which asset is ready for use. Depreciation on sale of assets is provided up to the date of sale of the asset.

The estimated useful lives of the property, plant and equipment are as follows:

Tangible Assets	Estimated useful life (in years)
Plant and machinery	15
Computers	3
Furniture and fixtures	10
Air conditioner	15

A property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses from disposal / retirement of an tangible asset 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.

Advance paid for acquisition / construction of property, plant and equipment which are not ready for their intended use at each balance sheet date are disclosed as advances on capital account.

3.5 Impairment of assets

In accordance with Accounting Standard 28 on 'Impairment of assets', the Company assesses at each balance sheet date, whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the assets and from its disposal at the end of its useful life. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment loss is recognised in the statement of profit and loss or against revaluation surplus, where applicable.

If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciated historical cost.



Eltech Engineers Madras Private Limited

Notes to the financial statements

for the year ended 31 March 2019

(All amounts are in Indian Rupees, unless otherwise stated)

3 Significant accounting policies (*Continued*)

3.6 Inventories

Inventories other than scrap materials are carried at lower of cost or net realisable 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 realisable value is made on an item-by-item basis.

Inventory of scrap materials have been carried at net realisable value.

Cost is determined under the weighted average cost method and includes all costs incurred in bringing the inventories to their present location and condition.

Cost of finished goods and work in progress further includes direct labour and an appropriate share of production overheads as applicable.

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

Due allowances are made for defective, obsolete and slow-moving inventory, wherever necessary, based on management estimates and past experiences of the Company.

3.7 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured.

Sale of products

Revenue from sale of products is recognized when the property and all significant risks and rewards of ownership are transferred to the buyer and no significant uncertainty exists regarding the amount of consideration that will be derived from the sale of products. Sales are accounted net of taxes and trade discounts, if any.

Revenue from support services

Revenue from support services is recognized on rendering of services in accordance with the contractual agreement with the customers and are recognised net of taxes.

Interest income

Interest income is recognized using the time proportion method, based on the amount outstanding and the underlying interest rates.



Eltech Engineers Madras Private Limited

Notes to the financial statements

for the year ended 31 March 2019

(All amounts are in Indian Rupees, unless otherwise stated)

3 Significant accounting policies (*Continued*)

3.8 Foreign currency transactions

(i) Initial Recognition

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.

(ii) Conversion

Monetary items denominated in foreign currencies at the year end are restated at year end rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on the settlement or on reporting of monetary items of Company at rates different from those at which they were initially recognized are recorded as income or as expenses in the year in which they arise.

3.9 Investments

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

Non-current investments are stated at cost unless there is any diminution in value, other than temporary, where provision for diminution is made on individual investment basis. Current investments are valued at cost or fair value, whichever is lower. Earning on investments is accounted for on accrual basis.

3.10 Taxes on income

Income tax expense comprises of current tax expense and deferred tax expense or credit.

Current taxes

Provision for current income-tax is recognized based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the tax laws applicable to the Company.



Eltech Engineers Madras Private Limited

Notes to the financial statements

for the year ended 31 March 2019

(All amounts are in Indian Rupees, unless otherwise stated)

3 Significant accounting policies (Continued)

3.10 Taxes on income (Continued)

Deferred taxes

Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in the subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that the sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

3.11 Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets till such assets become operational. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the statement of profit and loss in the period in which they are incurred. The capitalisation of borrowing cost is suspended when the activities necessary to prepare the qualifying asset are deferred / interrupted for significant period of time.

3.12 Earnings per share

The basic and dilutive earnings per equity share is computed by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of shares that could have been issued on the conversion of all dilutive potential equity shares, unless the results would be anti-dilutive.

3.13 Operating lease

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vests with the lessor, are recognised as operating leases. Lease payments under operating lease are recognised as an expense in the standalone statement of profit and loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.



Eltech Engineers Madras Private Limited

Notes to the financial statements

for the year ended 31 March 2019

(All amounts are in Indian Rupees, unless otherwise stated)

3 Significant accounting policies *(Continued)*

3.14 Provisions and contingencies

Provision

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

Contingent liabilities and contingent assets

Contingent liabilities arising from claims, litigation, assessment, fines, penalties etc. are disclosed when there is a possible obligation or a present obligation as a result of a past event where it is not probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reasonably estimated. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed.



Eltech Engineers Madras Private Limited

Notes to the financial statements

as at 31 March 2019

(All amounts are in Indian Rupees, unless otherwise stated)

	31 March 2019	31 March 2018
4 Share capital		
Authorised		
15,00,000 (Previous year: 3,00,000) equity shares of Rs. 10 each	<u>15,00,000</u>	<u>3,00,000</u>
Issued, subscribed and paid-up		
3,00,000 (Previous year: 3,00,000) equity shares of Rs. 10 each, fully paid-up	<u>3,00,000</u>	<u>3,00,000</u>

a) **Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year:**

	31 March 2019		31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares of Rs 10 each fully paid-up				
At the beginning of the year	300,000	3,000,000	300,000	3,000,000
Shares issued during the year	-	-	-	-
At the end of the year	<u>300,000</u>	<u>3,000,000</u>	<u>300,000</u>	<u>3,000,000</u>

b) **Rights, preferences and restrictions attached to equity shares**

The Company has a single class of equity shares having a par value of Rs. 10 per share (Previous Year: Rs 10 per share). Accordingly, all equity shares rank equally with regards to dividends and share in the Company's residuals assets. The equity share holders are entitled to receive dividend from time to time. Each holder of equity shares is entitled to one vote per share.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

c) **Shares held by holding company**

	31 March 2019		31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares of Rs 10 each fully paid-up of the Company are held by -				
Marine Electricals (India) Limited	210,000	2,100,000	210,000	2,100,000

d) **Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

	31 March 2019		31 March 2018	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Equity Shares of Rs 10 each fully paid-up				
Marine Electricals (India) Limited	210,000	70.00	210,000	70.00
Electrovast Solutions	75,000	25.00	75,000	25.00



Eltech Engineers Madras Private Limited

Notes to the financial statements

as at 31 March 2019

(All amounts are in Indian Rupees, unless otherwise stated)

	31 March 2019	31 March 2018
5 Reserves and surplus		
(Deficit) as per the statement of profit and loss		
At the commencement of the year	(18,510,307)	(19,784,689)
Add: (Loss) / Profit for the year	(10,524,466)	1,274,382
At the end of the year	<u>(29,034,773)</u>	<u>(18,510,307)</u>
6 Long-term borrowings		
Unsecured:		
Term loans:		
From related parties {refer note (a) to (c)}	1,525,000	9,323,847
	<u>1,525,000</u>	<u>9,323,847</u>
Notes:		
(a) Interest free indian rupee loan from Electrovast Solutions outstanding of Rs 15,25,000 as at 31 March 2019 (Previous year: Rs 15,25,000).		
(b) Interest free indian rupee loan from Mr. T. Upendra Rao outstanding of Rs Nil as at 31 March 2019 (Previous year: Rs 4,397,838). The loan is written back by the Company during the year.		
(c) Interest free indian rupee loan from T. Saroja outstanding of Rs Nil as at 31 March 2019 (Previous year: Rs 34,01,009). The loan is written back by the Company during the year.		
7 Short-term borrowings		
Secured:		
Overdraft facility from bank {refer note (a)}	4,640,754	9,161,561
Unsecured:		
Loan from related parties {refer note (b)}	5,374,794	-
	<u>10,015,548</u>	<u>9,161,561</u>
Notes:		
(a) Overdraft facility from Canara Bank outstanding of Rs. 4,640,754 as at 31 March 2019 (Previous year: Rs 91,61,561) carrying interest of 1Y MCLR + 2.80 spread monthly reset is repayable in one year from the date of sanction i.e. till 05 July 2019. The loan is primarily secured by hypothecation of stocks and book debts arising out of genuine trade transaction. Age of book debts not older than 90 days for arriving DP. The loan is backed by personal guarantee of Mr. Vinay Uchil, Mr. Sriram Krishnamurthi, Mr. Venkatesh Uchil and Mr. T. Upendra Rao.		
(b) Indian rupee unsecured loan from Marine Electricals (India) Limited, the Holding Company, outstanding of Rs. 50,00,000 as at 31 March 2019 (Previous year: Rs. Nil) is repayable on demand. The loan carries interest of 10.00% (Previous year: Nil). The balance is inclusive of interest of Rs. 3,74,794 (Previous year: Rs Nil).		
8 Trade payables		
- Total outstanding dues to micro and small enterprises (Refer note 24.3)	-	-
- Total outstanding dues to other than micro and small enterprises	38,715,225	33,267,600
	<u>38,715,225</u>	<u>33,267,600</u>
9 Other current liabilities		
Advance from customers	9,859,113	14,369,866
Employee dues payable	1,190,672	1,161,066
Accrual for expenses	321,797	284,890
Statutory dues payable:		
- Tax deducted at source	402,712	51,263
- Goods and service tax	336,275	-
- Profession tax	2,710	-
	<u>12,113,279</u>	<u>15,867,085</u>



Eltech Engineers Madras Private Limited

Notes to the financial statements (Continued)

as at 31 March 2019

(All amounts are in Indian Rupees, unless otherwise stated)

10 Property, plant and equipment

	Tangible Assets				Total
	Plant and machinery	Computers	Furniture and fixtures	Air Conditioner	
Gross Block					
At 1 April 2018	7,766,454	2,317,860	516,121	146,778	10,747,213
Additions during the year	-	-	-	-	-
Disposals / Adjustments during the year	-	-	-	-	-
At 31 March 2019	7,766,454	2,317,860	516,121	146,778	10,747,213
Depreciation / Amortisation					
At 1 April 2018	3,861,057	2,237,130	468,679	89,890	6,656,756
For the year	103,482	50,989	-	-	154,471
Disposals / Adjustments during the year	-	-	-	-	-
At 31 March 2019	3,964,539	2,288,119	468,679	89,890	6,811,227
Net block at 31 March 2019	3,801,915	29,741	47,442	56,888	3,935,986
Net block at 31 March 2018	3,905,397	80,730	47,442	56,888	4,090,457

	Tangible Assets				Total
	Plant and machinery	Computers	Furniture and fixtures	Air Conditioner	
Gross Block					
At 1 April 2017	7,182,814	2,317,860	516,121	146,778	10,163,573
Additions during the year	583,640	-	-	-	583,640
Disposals / Adjustments during the year	-	-	-	-	-
At 31 March 2018	7,766,454	2,317,860	516,121	146,778	10,747,213
Depreciation / Amortisation					
At 1 April 2017	3,849,142	2,156,595	468,679	89,890	6,564,306
For the year	11,915	80,535	-	-	92,450
Disposals / Adjustments during the year	-	-	-	-	-
At 31 March 2018	3,861,057	2,237,130	468,679	89,890	6,656,756
Net block at 31 March 2018	3,905,397	80,730	47,442	56,888	4,090,457
Net block at 31 March 2017	3,333,672	161,265	47,442	56,888	3,599,267



Eltech Engineers Madras Private Limited

Notes to the financial statements (Continued) as at 31 March 2019

(All amounts are in Indian Rupees, unless otherwise stated)

	31 March 2019	31 March 2018
11 Deferred tax assets (net)		
The components of deferred tax balances are as follows:		
<i>(A) Deferred tax assets</i>		
<i>Arising on account of timing differences in:</i>		
Unabsorbed depreciation / carried forward loss	8,004,750	-
Deferred tax assets (A)	<u>8,004,750</u>	<u>-</u>
<i>(B) Deferred tax liability</i>		
<i>Arising on account of timing differences in:</i>		
Excess of depreciation on property, plant and equipment under income tax laws over depreciation provided in the books	325,282	-
Deferred tax liability (B)	<u>325,282</u>	<u>-</u>
Deferred tax assets - net (A)-(B) *	<u>-</u>	<u>-</u>
*Deferred tax asset is recognised only to the extent of deferred tax liabilities, as this amount is considered to be virtually certain of realisation. The remaining deferred tax assets of Rs. 7,679,468 are not recognised, as they are not considered to be virtually certain of realisation.		
12 Long-term loans and advances <i>(unsecured, considered good)</i>		
To related parties		
Security deposits	30,000	30,000
To others		
Security deposits	143,613	86,010
	<u>173,613</u>	<u>116,010</u>
13 Inventories <i>(At cost or net realisable value whichever is lower)</i>		
Raw materials	4,864,552	24,597,150
Work-in-progress	3,300,000	-
Stores, spares and consumables	672,037	-
	<u>8,836,589</u>	<u>24,597,150</u>
14 Trade receivables <i>(unsecured, considered good)</i>		
- Trade receivables outstanding for a period exceeding six months from the date they became due for payment	1,799,000	-
- Other receivables	20,697,986	21,814,356
	<u>22,496,986</u>	<u>21,814,356</u>



Eltech Engineers Madras Private Limited

Notes to the financial statements (Continued) as at 31 March 2019

(All amounts are in Indian Rupees, unless otherwise stated)

	31 March 2019	31 March 2018
15 Cash and bank balances		
<i>Cash and cash equivalents</i>		
Cash on hand	12,253	28,064
Bank balances		
- current accounts	5,462	5,764
Other bank balances		
- Bank deposits with more than 3 months but less than 12 months maturity of the reporting date	-	258,000
	<u>17,715</u>	<u>291,828</u>

Particulars	31 March 2019	31 March 2018
Bank deposits with more than 3 months but less than 12 months maturity of the reporting date	-	258,000

16 Short-term loans and advances (Unsecured, considered good)

Advance to suppliers	137,529	108,111
Loans and advances to staff	11,500	30,000
Balance with government authorities		824,374
Advance tax and tax deducted at source	715,285	237,500
Prepaid expenses	9,076	-
	<u>873,390</u>	<u>1,199,985</u>



Eltech Engineers Madras Private Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2019

(All amounts are in Indian Rupees, unless otherwise stated)

	31 March 2019	31 March 2018
17 Revenue from operations		
Sale of products	112,235,122	63,687,717
Sale of services	16,551,753	1,973,842
	<u>128,786,875</u>	<u>65,661,559</u>
18 Other income		
Interest income	68,536	-
Liabilities no longer required written back	7,798,847	-
	<u>7,867,383</u>	<u>-</u>
19 Cost of materials consumed		
Inventory of materials at the beginning of the year	24,597,150	8,252,400
Add: Purchases	103,330,344	56,528,174
	<u>127,927,494</u>	<u>64,780,574</u>
Less: Inventory of materials at the end of the year	4,864,552	24,597,150
	<u>123,062,942</u>	<u>40,183,424</u>
20 Changes in inventories of finished goods and work-in-progress		
Inventories at the end of the year		
Work-in-progress	3,300,000	-
	<u>3,300,000</u>	<u>-</u>
Inventories at the beginning of the year		
Work-in-progress	-	-
	<u>(3,300,000)</u>	<u>-</u>
21 Employee benefits expense		
Salary, allowances, wages, bonus and other benefits	17,519,533	9,060,885
Contribution to provident and other fund	918,277	971,243
Gratuity	-	6,606,029
Compensated absences	1,275,997	-
Staff welfare expenses	372,270	422,395
	<u>20,086,077</u>	<u>17,060,552</u>
22 Finance costs		
Interest expense	878,450	754,066
Interest on delayed payments of taxes	50,094	-
Bank charges	23,283	42,668
	<u>951,827</u>	<u>796,734</u>
23 Other expenses		
Rent	1,800,000	900,000
Power and fuel	571,143	376,379
Repairs and maintenance		
- plant and machinery	70,396	239,793
- buildings	77,059	1,518,669
- others	-	301,271
Vehicle running expenses	-	19,757
Rates and taxes	201,009	68,452
Insurance	11,890	44,130
Clearing and forwarding charges	706,408	622,861
Travelling and conveyance	1,019,027	1,155,027
Postage and telephone	125,860	104,092
Legal and professional fees	716,054	385,500
Payment to auditors (refer note 24.2)	92,030	24,640
Housekeeping and security charges	132,387	-
Printing and stationery	37,661	88,460
Advertisement and sales promotion expenses	-	48,095
Bad debts written off	-	200,719
Miscellaneous expenses	662,483	156,172
Total	<u>6,223,407</u>	<u>6,254,017</u>



Eltech Engineers Madras Private Limited

Notes to the financial statements

for the year ended 31 March 19

(All amounts are in Indian Rupees, unless otherwise stated)

24. Notes to the financial statements (Continued)

24.1 Details of imported and indigenous raw material consumed during the financial year

Particulars	31 March 2019		31 March 2018	
	Value	% of total consumption	Value	% of total consumption
Imported	-	-	-	-
Indigenous	12,30,62,942	100.00	4,01,83,424	100.00
	<u>12,30,62,942</u>	<u>100.00</u>	<u>4,01,83,424</u>	<u>100.00</u>

24.2 Payment to auditor's

Particulars	31 March 2019	31 March 2018
Statutory and tax audit fees	92,030	24,640
	<u>92,030</u>	<u>24,640</u>

24.3 Due to Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro, Small and Medium Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information available with the Company, there are no over-dues outstanding to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006.

24.4 Earnings per share (EPS)

Particulars	31 March 2019	31 March 2018
a) (Loss) Profit after tax attributable to equity shareholders	(1,05,24,466)	12,74,382
b) Basic and diluted earnings per share		
Weighted average number of equity shares during the year	3,00,000	3,00,000
Basic and diluted earnings per share (in rupees) (a/b)	(35.08)	4.25
Face value of shares (in rupees)	10	10



Eltech Engineers Madras Private Limited

Notes to the financial statements

for the year ended 31 March 19

(All amounts are in Indian Rupees, unless otherwise stated)

24. Notes to the financial statements (Continued)

24.6 Leases

The Company has not entered into any finance lease as specified in Accounting Standard (AS) 19 Leases. The Company has, however, taken various commercial premise under operating leases arrangements. During the year, an amount of Rs. 18,00,000 (Previous year: Rs 9,00,000) was recognised as an expense in the statement of profit and loss in respect of operating leases.

24.7 Segment reporting

The Company's primary business is designing, manufacturing and servicing of electricals panels, switch boards etc. and presently operates only in India. The Company has only one reportable business segment, which is designing, manufacturing and servicing of electricals panels, switch boards etc. and has only one reportable geographical segment. Accordingly, these financial statements are reflective of the information required by the Accounting Standard on "Segment Reporting" (AS - 17).

24.8 Change of auditors

Prior year's figures were audited by a firm of chartered accountants other than S G J & Co.

24.9 Previous Years Figures

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / presentation.

As per our report of the even date attached.

For S G J & CO

Chartered Accountants

Firm's Registration No: 137904W



Som Nath Saini

Partner

Membership No: 093079



For and on behalf of Board of Directors of
Eltech Engineers Madras Private Limited



T. Upendra Rao
Wholetime Director
DIN: 00701047



Krishnamurthi Sriram
Director
DIN: 07659115

Mumbai, May 13, 2019



Eltech Engineers Madras Private Limited

Notes to the financial statements (Continued) for the year ended 31 March 2019

(All amounts are in Indian Rupees, unless otherwise stated)

24 Notes to the financial statements (Continued)

24.5 Related party disclosures

A) Name of related parties

(i) Holding Company Marine Electricals (India) Limited
(ii) Other related parties
(a) Partnership firm in which director is partner Electrovast Solutions
(b) Key managerial personnel and relatives Mr. T. Upendra Rao, Wholetime Director Mr. Krishnamurthi Sriram, Director * Mr. Vinay Uchil, Director * Mr. Venkatesh Uchil, Director * Ms. T. Saroja, Wife of Mr. T. Upendra Rao *

* does not draw any remuneration from the Company.

B) Related party transactions during the year

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
a) Rent paid		
Mr. T. Upendra Rao	1,800,000	900,000
b) Interest expense		
Marine Electricals (India) Limited	416,438	-
c) Purchases		
Marine Electricals (India) Limited	30,600,482	-
d) Sales		
Marine Electricals (India) Limited	239,052	-
e) Loan taken		
Marine Electricals (India) Limited	5,000,000	-
f) Loan written back		
Mr. T. Upendra Rao	4,397,838	-
Ms. T. Saroja	3,401,009	-
g) Managerial remuneration		
Mr. T. Upendra Rao	1,500,000	1,100,000

C) Outstanding balances as at year end

Particulars	31 March 2019	31 March 2018
a) Loan and interest payable		
Marine Electricals (India) Limited	5,374,794	-
b) Trade payable		
Marine Electricals (India) Limited	17,113,343	-
c) Advance from customers		
Marine Electricals (India) Limited	9,037,400	9,037,400
d) Security deposits receivables		
Mr. T. Upendra Rao	30,000	30,000
e) Managerial remuneration payable		
Mr. T. Upendra Rao	135,000	90,000
f) Rent payable		
Mr. T. Upendra Rao	-	180,000

