

MEMCO Engineering Private Limited

CIN: U29199MH2006PTC162658

Financial Statements

2018-19

INDEPENDENT AUDITOR'S REPORT

To the Members of Memco Engineering Pvt Ltd

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Memco Engineering Pvt Ltd (“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 profit 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 information included in the Company’s Directors Report, but does not include the financial statements and our auditor’s report thereon. The Company’s Directors Report is expected to be made available to us after the date of this auditor's report.

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 financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the



K R D K & ASSOCIATES

Chartered Accountants

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



K R D K & ASSOCIATES

Chartered Accountants

- 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 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.

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2018, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 25, 2018.

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



K R D K & ASSOCIATES

Chartered Accountants

- (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 by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - 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 K R D K & ASSOCIATES
Chartered Accountants
ICAI Firm Registration Number: 018215S



per Shrinivas G. Deshpande
Partner
Membership Number: 234875
Place: Pune



K R D K & ASSOCIATES

Chartered Accountants

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF MEMCO ENGINEERING PVT LTD

Referred to in paragraph 1 under the heading "Report on other legal and Regulatory Requirements" of our report on even date:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets, except for plants and equipment having gross block of Rs. 92,39,101 where the records are maintained for group of similar assets and not for each individual asset.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed 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. The title deeds of immovable properties are pledged with the bank. The copies available with company of such title deeds have been verified by us.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. Discrepancies noted on physical verification of inventories were material, and have been properly dealt with in the books of account. Inventories lying with third parties have been confirmed by them as at March 31, 2019 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 which 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 maintenance of cost records under Section 148(1) of the Companies Act, 2013, is not applicable to the company and hence



K R D K & ASSOCIATES

Chartered Accountants

- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, custom duty cess and other statutory dues have generally been regularly deposited with the appropriate authorities. However, taxes deducted at source and goods and service tax have not generally been regularly deposited with appropriate authorities and there have been delays in payment of these dues.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-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.

- (b) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax, goods and service tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to financial institution and banks.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company has not raised any money by way of initial public offer / further public offer / debt instruments 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 any fraud on the company by its officers or employees of the Company has been noticed or reported to us during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid 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 Ind AS 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



K R D K & ASSOCIATES

Chartered Accountants

- (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.
- (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 and hence not commented upon.

For K R D K & ASSOCIATES

Chartered Accountants

ICAI Firm Registration Number: 018215S



per Shrinivas G. Deshpande

Partner

Membership Number: 234875

Place: Pune



K R D K & ASSOCIATES

Chartered Accountants

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF MEMCO ENGINEERING PVT LTD

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 Memco Engineering Pvt Ltd ("the Company") as of March 31, 2019, in conjunction with our audit of the Ind AS 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 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 was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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



K R D K & ASSOCIATES

Chartered Accountants

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2019:

- (a) The Company's internal financial controls over maintenance of proper records showing full particulars, including quantitative details and situation of fixed assets for certain plants and equipment were not operating effectively which may result in the company recognising fixed assets in the books of accounts without its physical existence.
- (b) The Company's internal financial controls over inventory management; such as recording of issue of materials and consumables, consumption of materials and consumables and generation of scrap on production were not operating effectively which may result in inaccurate inventory and scrap records in the company's books of accounts.
- (c) The Company's information technology general controls with respect to all categories such as access security, system change control and data centre and network operations were not operating effectively which may result in misstatement in the financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the



K R D K & ASSOCIATES

Chartered Accountants

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of 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, and except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2019.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the Ind AS financial statements of Memco Engineering Pvt Ltd, which comprise the Balance Sheet as at March 31, 2019, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 Ind AS financial statements of Memco Engineering Pvt Ltd and this report does not affect our report dated May 20, 2019, which expressed an unqualified opinion on those Ind AS financial statements.

For K R D K & ASSOCIATES

Chartered Accountants

ICAI Firm Registration Number: 018215S



per Shrinivas G. Deshpande

Partner

Membership Number: 234875

Place: Pune



MEMCO ENGINEERING PVT LTD
Balance sheet as at March 31, 2019
(All amounts in rupees unless otherwise stated)

Particulars	Notes	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	3	146,299,052	142,376,082
(b) Capital work-in-progress	3	1,528,898	310,000
(c) Intangible assets	3a	764,055	-
(d) Financial assets			
(i) Investments	4A	615,905	615,905
(ii) Loans	4B	1,601,874	1,535,412
(iii) Other financial assets	4C	10,000,000	-
(e) Deferred tax assets (net)	26	10,230,901	10,993,966
(f) Other non-current assets	5	3,646,737	3,279,927
Total non-current assets		174,687,422	159,111,292
II. Current assets			
(a) Inventories	6	72,916,545	45,660,106
(b) Financial assets			
(i) Investments	4A	-	-
(ii) Trade receivables	7	71,995,985	73,434,957
(iii) Cash and cash equivalents	8	2,435,102	121,959
(iv) Bank balances other than (iii) above	8	12,140,080	2,011,968
(v) Loans	4B	60,000	-
(vi) Others financial assets	4C	157,713	-
(c) Other current assets	5	8,229,792	1,697,473
Total current assets		167,935,217	122,926,463
Total Assets		342,622,639	282,037,755
EQUITY AND LIABILITIES			
Equity			
(a) Share capital			
(i) Equity Shares	9	30,000,000	30,000,000
(b) Other equity			
(i) Retained earnings	10	112,874,317	75,162,379
(ii) Equity component of redeemable preference shares	9	7,074,002	1,684,286
Total Equity attributable to equity share holders of the Company		149,948,319	106,846,665
Liabilities			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	11	78,691,013	65,242,926
(b) Provisions	15	23,997,983	25,455,470
Total non-current liabilities		102,688,996	90,698,396
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	11	26,887,256	9,448,333
(ii) Trade payables			
(a) total outstanding dues of micro and small enterprises	13	8,623,620	20,032,227
(b) total outstanding dues other than (ii)(a) above	13	11,943,463	16,623,153
(iii) Other financial liabilities	12	28,283,404	30,806,764
(b) Other current liabilities	14	12,187,106	6,138,149
(c) Provisions	15	2,060,475	1,025,667
(d) Current tax liabilities (net)	16	-	418,401
Total current liabilities		89,985,324	84,492,694
Total liabilities		192,674,320	175,191,090
Total Equity and Liabilities		342,622,639	282,037,755

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements


For K R D K & ASSOCIATES
Chartered Accountants
ICAI Firm Registration Number: 0182155



per Shrinivas G. Deshpande
Partner
Membership Number: 234875

Place: Pune
Date: May 21, 2019

For and on behalf of the Board of Directors of
Memco Engineering Private Limited



Mr. Yatin Shah
Director
DIN. 00318140

Mr. R. R. Joshi
Director
DIN. 03338134

Mr. Shreyas Mokashi
Company Secretary
M. No.: 38258

Place: Solapur
Date: May 21, 2019

Place: Solapur
Date: May 21, 2019

Place: Solapur
Date: May 21, 2019

MEMCO ENGINEERING PVT LTD
Statement of Profit and Loss for the year ended March 31, 2019
(All amounts in rupees unless otherwise stated)

Particulars	Notes	Year ended March 31, 2019 Rupees	Year ended March 31, 2018 Rupees
Income			
Revenue from operations	17	472,191,582	347,244,275
Total Revenue (I)		472,191,582	347,244,275
Expenses			
Cost of raw materials and components consumed	18	150,093,887	103,051,220
Excise duty on sale of goods		-	9,042,292
(Increase) / decrease in inventories of finished goods and work-in-progress	19	(5,383,516)	(805,113)
Employee benefits expense	20	119,242,487	98,072,700
Other expenses	21	118,131,467	77,774,209
Total expenses (II)		382,084,325	287,135,308
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)		90,107,257	60,108,967
Finance costs	22	12,551,314	8,610,092
Finance income	23	(459,776)	(300,078)
Depreciation and amortisation expense	24	28,337,727	22,165,900
Profit before tax		49,677,992	29,633,053
Tax expense			
Current tax	25	15,146,066	10,938,038
Adjustment of current tax relating to earlier years	25	167,140	-
Deferred tax credit	25	(380,397)	(114,193)
Total tax expenses		14,932,809	10,823,845
Profit for the year [A]		34,745,183	18,809,208
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit plans	26	4,110,217	1,511,298
Income tax effect		(1,143,462)	(416,363)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		2,966,755	1,094,935
Total other comprehensive income for the year, net of tax [B]		2,966,755	1,094,935
Total comprehensive income for the year, net of tax [A]+[B]		37,711,938	19,904,143
Profit for the year attributable to equity share holders of the Company		34,745,183	18,809,208
Total Comprehensive Income for the year attributable to equity share holders of the Company		37,711,938	19,904,143
Earning per share [nominal value per share Rs.100 (March 31, 2018: Rs.100)]	27		
Basic, computed on the basis of profit attributable to equity share holders of the Company		115.82	62.70
Diluted, computed on the basis of profit attributable to equity share holders of the Company		115.82	62.70
Summary of significant accounting policies	2		

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

For K R D K & ASSOCIATES
Chartered Accountants
ICAI Firm Registration Number: 018215S



per Shrinivas G. Deshpande
Partner
Membership Number: 234875


Place: Pune
Date: May 21, 2019

For and on behalf of the Board of Directors of
Memco Engineering Private Limited




Mr. Yatin Shah
Director
DIN. 00318140

Place: Solapur
Date: May 21, 2019



Mr. R. R. Joshi
Director
DIN. 03338134

Place: Solapur
Date: May 21, 2019



Mr. Shreyas Mokashi
Company Secretary
M. No.: 38258

Place: Solapur
Date: May 21, 2019

MEMCO ENGINEERING PVT LTD
Statement of changes in equity for the year ended March 31, 2019
(All amounts in rupees unless otherwise stated)

A. Equity Share Capital

Equity shares of Rs. 100 each (refer note 10) issued, subscribed and fully paid

	Number	In Rs.
At 1 April 2017	300,000	30,000,000
Issued during the year	-	-
At 31 March 2018	300,000	30,000,000
Issued during the year	-	-
At 31 March 2019	300,000	30,000,000

B. Other Equity

Attributable to the equity holders of the Company

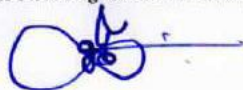
Particulars	Equity Component of Cumulative Non Convertible Redeemable Preference Shares	Reserves and Surplus Retained Earnings	Total equity
	Note 09	Note 10	
As at April 1, 2017	-	55,258,236	55,258,236
Profit for the year	-	18,809,208	18,809,208
Equity Component of Cumulative Non Convertible Redeemable Preference Shares	1,684,286	-	1,684,286
Other comprehensive income for the year, net of tax	-	1,094,935	1,094,935
Total Comprehensive income for the year	1,684,286	19,904,143	21,588,429
As at March 31, 2018	1,684,286	75,162,379	76,846,665
As at April 1, 2018	1,684,286	75,162,379	76,846,665
Profit for the year	-	34,745,183	34,745,183
Equity Component of Cumulative Non Convertible Redeemable Preference Shares	5,389,716	-	5,389,716
Other comprehensive income for the year, net of tax	-	2,966,755	2,966,755
Total Comprehensive income for the year	5,389,716	37,711,938	43,101,654
As at March 31, 2019	7,074,002	112,874,317	119,948,319

Summary of significant accounting policies

2

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

For **K R D K & ASSOCIATES**
Chartered Accountants
ICAI Firm Registration Number: 018215S



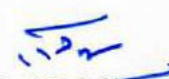
per **Shrinivas G. Deshpande**
Partner
Membership Number: 234875

Place: Pune
Date: May 21, 2019


For and on behalf of the Board of Directors of
Memco Engineering Private Limited



Mr. Yatin Shah
Director
DIN. 00318140



Mr. R. R. Joshi
Director
DIN. 03338134



Mr. Shreyas Mokashi
Company Secretary
M. No.: 38258

Place: Solapur
Date: May 21, 2019

Place: Solapur
Date: May 21, 2019

Place: Solapur
Date: May 21, 2019

MEMCO ENGINEERING PRIVATE LIMITED
Statement of Cash Flows for the year ended March 31, 2019
(All amounts in rupees unless otherwise stated)

Particulars	Notes	March 31, 2019 In Rs.	March 31, 2018 In Rs.
Cash flows from operating activities			
Profit before tax		49,677,992	29,633,053
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation of property, plant and equipment	24	28,337,727	22,165,900
Non operative bank account written off		10,427	-
Bad debts and advances written off		360,154	-
Loss/ (Gain) on disposal of property, plant and equipment	21	(493,204)	159,433
Finance and other income	23	(459,776)	(300,078)
Finance costs	22	12,325,455	8,466,103
		89,758,775	60,124,411
Working capital adjustments:			
Increase in provisions, gratuity and other provisions	15	3,335,721	2,928,334
(Increase) / decrease in other assets	5	(6,564,980)	2,500,391
Increase in long term loans and advances	4B	(66,462)	(554,435)
Decrease in short term loans and advances	4B	(60,000)	180,470
Increase in other current liabilities	14	6,048,957	3,144,657
Increase in other financial Liabilities	12	1,588,152	7,161,369
(Increase) / decrease in trade and other receivables and prepayments	7	1,111,478	(39,039,752)
Increase in inventories	6	(27,256,439)	(9,881,305)
Increase/ (decrease) in trade payables	13	(16,145,567)	7,007,014
		51,749,636	33,571,154
Income taxes paid (net of refunds)	25	16,453,694	10,511,436
Net cash flows generated from operating activities		35,295,942	23,059,718
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	3	563,369	880,666
Purchase of property, plant and equipment	3	(34,457,795)	(45,196,618)
Investment in bank deposits	8	(20,128,112)	(1,369,134)
Proceeds of bank deposits	-	-	2,983,811
Interest received (finance income)	23	257,282	230,628
Dividend received	23	69,450	69,450
Net cash flows used in investing activities		(53,695,806)	(42,401,197)
Cash flows from financing activities			
Interest paid		(10,943,722)	(8,339,317)
Proceeds from preference shares		32,000,000	10,000,000
Proceeds from long-term borrowings		61,427,112	34,685,531
Repayment of long-term borrowings		(79,094,020)	(14,590,672)
Repayment of short term borrowings (net)		17,438,923	(4,800,089)
Preference shares dividend paid		(87,123)	-
Tax on preference shares dividend paid		(17,737)	-
Net cash flows generated from financing activities		20,723,433	16,955,453
Net increase /(decrease) in cash and cash equivalents		2,323,569	(2,386,026)
Non operative bank account written off		(10,427)	-
Cash and cash equivalents at the beginning of the year		121,960	1,289,088
Cash and cash equivalents as at year end		2,435,102	(1,096,938)

Particulars	Notes	March 31, 2019 In Rs.	March 31, 2018 In Rs.
Components of cash and cash equivalents:	8		
Balances with banks:			
On current accounts		2,426,982	39,075
Deposit with original maturity of less than 3 months		-	-
Cash in hand		8,120	82,884
Cash and cash equivalents at year end		2,435,102	121,960

MEMCO ENGINEERING PRIVATE LIMITED
Statement of Cash Flows for the year ended March 31, 2019
(All amounts in rupees unless otherwise stated)
Change in liability arising from financing activities

Particulars	Preference Shares	Long term borrowings	Short term borrowings
Net debts as at 1st April 2017	-	53,381,480	14,248,422
Cash Flows	10,000,000	20,094,860	(4,800,089)
Interest Component	126,786		
Dividend payable	(87,123)		
Equity Component of Preference Shares	(1,684,286)		
Net debts as at 31st March 2018	8,355,377	73,476,340	9,448,333
Cash Flows	32,000,000	(17,666,908)	17,438,923
Interest Component	2,742,698	(1,787,789)	
Dividend payable	(1,881,830)		
Equity Component of Preference Shares	(5,389,716)		
Others		24,669	
Net debts as at 31st March 2019	35,826,529	54,046,312	26,887,256


For K R D K & ASSOCIATES
Chartered Accountants
ICAI Firm Registration Number: 018215S



per Shrinivas G. Deshpande
Partner
Membership Number: 234875

Place: Pune
Date: May 21, 2019

For and on behalf of the Board of Directors of
Memco Engineering Private Limited



Mr. Yatin Shah Mr. R. R. Joshi Mr. Shreyas Mokashi
Director Director Company Secretary
DIN. 00318140 DIN. 03338134 M. No.: 38258

Place: Solapur Place: Solapur Place: Solapur
Date: May 21, 2019 Date: May 21, 2019 Date: May 21, 2019

MEMCO ENGINEERING PVT LTD
Notes to the financial statements for the year ended March 31, 2019

Note 1. Corporate Information

The financial statements comprise of financial statements of Memco Engineering Pvt Ltd ('the Company') for the year ended 31 March 2019. During the previous year, Precision Camshaft Limited, a listed company had acquired 95% of the shares w.e.f Oct 10, 2017 on discharge of consideration of Rs. 380,435,100 to erstwhile shareholders of the Company. During current financial year, the holding company has acquired remaining 5% of the shares with effect from March 29, 2019 on discharge of consideration of Rs. 2,61,00,000 to erstwhile shareholders of the Company. Memco Engineering Pvt Ltd is a deemed public company domiciled in India and incorporated under the provisions of the Companies Act 1956. The Company is primarily engaged in the manufacture and sale of parts of diesel engine, break parts and parts of measuring instruments. The Company has its office registered at F-5, Satpur MIDC, Nasik, Maharashtra - 422005.

The financial statements were authorised for issue in accordance with the resolution of the Board of Directors of the Company on May 21, 2019.

Note 2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended thereafter. ("the Rules").

The financial statements for the year ended 31 March, 2018 are the first the Company has prepared in accordance with Ind AS.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- > Certain financial assets and liabilities measured at fair value (refer accounting policy Note 'n' of summary of significant accounting policies regarding financial instruments).

The financial statements are presented in INR and all values are rounded to the nearest rupee, except when otherwise indicated.

The Company has applied the following standards and amendments for the first time for their reporting period commencing 1st April 2018:

- > Ind AS 115, Revenue from Contracts with Customers
 - > Amendment to Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance
 - > Appendix B, Foreign Currency Translations and Advance consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates
 - > Amendment to Ind AS 12, Income Taxes
 - > Amendment to Ind AS 40, Investment Property
 - > Amendment to Ind AS 28, Investment in Associates and Joint Ventures and Ind AS 112, Disclosure of Interests in Other Entities
- On assessment, the Company determines that there are no impacts on the financial statements for above standards and amendments.

Disclosure of EBITDA

Ind AS compliant Schedule III allows line items, sub-line items and sub-totals to be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the Company's financial position or performance or to cater to industry/ sector-specific disclosure requirements. For example, a Company may present EBITDA as a separate line item on the face of the statement of profit and loss.

Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortisation expense, finance income, finance costs and tax expense.

2.2 Summary of significant accounting policies

a) 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 realised or intended to be sold or consumed in normal operating cycle.
- > Expected to be realised 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 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.

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

MEMCO ENGINEERING PVT LTD
Notes to the financial statements for the year ended March 31, 2019

b) Foreign currencies

The Company's financial statements are presented in INR which is the Company's presentation currency and functional currency of the company.

(i) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(ii) Conversion

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. 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. The gain or loss arising on translation of non-monetary items measured at fair value 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 recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

c) Fair value measurement

The Company measures financial instruments such as investment at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- > In the principal market for the asset or liability, or
- > 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 a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the 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. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

Disclosures for valuation methods, significant estimates and assumptions (note 33, 34 and 36)

Quantitative disclosures of fair value measurement hierarchy (note 34)

Financial instruments (including those carried at amortised cost) (note 4, 7, 8, 11, 12, 13, 23)

d) Revenue recognition

The revenue is recognised based on basis of following five step process:

- > Identify the contracts with the customer: The contract may be oral or written.
- > Identify the performance obligation: Performance obligation is nothing but promise made by the Company to its customer for delivery of goods or services.
- > Determine the transaction price
- > Allocate the transaction price to the performance obligation
- > Recognise the revenue when or as the Company satisfied the performance obligation: Revenue is recognised either at point in time or over a time

During the previous year, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue for the period April 2017 to June 2018 includes excise duty. However, W.e.f July 01, 2017; Goods and service tax (GST) coming into effect; the GST is the tax collected by seller on behalf of government. Hence, the same is excluded from the revenue for the period July 01, 2017 to March 31, 2018 as well as for the current year.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

MEMCO ENGINEERING PVT LTD
Notes to the financial statements for the year ended March 31, 2019

Income from services

Revenue from services is recognised as and when services are rendered. The Company collects goods and service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Interest

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 finance income in the statement of profit and loss.

Dividends

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

e) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction 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.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

- > 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.
- > 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:

- > 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.
- > 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 utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised 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 realised 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 recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

Sales/ value added taxes/ goods and service tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- > When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- > When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

MEMCO ENGINEERING PVT LTD**Notes to the financial statements for the year ended March 31, 2019****f) Property, plant and equipment**

The company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the previous GAAP financial statements as at the date of transition to Ind AS; measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments in accordance with the relevant Ind AS, since there is no change in functional currency.

Property, plant and equipment; and capital work in progress, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised 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 recognised in profit or loss as incurred.

Depreciation on fixed assets is calculated on a written down value basis based on the useful lives estimated by the management.

Description of asset group	Useful lives as per management's estimate
Buildings	30 years
Plant & equipment	15 years
Office equipment	5 years
Electrical installation	10 years
Furniture and fixtures	10 years
Vehicles	8 years
Computers and printers	3 years

Cost of leasehold land is amortised over the remaining period of lease i.e., 77 years.

The Company believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised 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.

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.

g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are 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 are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. Computer Software are amortized over a period of five years on a straight line basis from the date the asset is available to the Company for its use.

Intangible assets with indefinite useful lives are not amortised, 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 derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

h) Borrowing costs

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

MEMCO ENGINEERING PVT LTD

Notes to the financial statements for the year ended March 31, 2019

i) 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 and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 April 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

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. An operating lease is a lease other than a finance lease.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

j) Inventories

Inventories are valued at lower of their cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- > Raw materials and components: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.
 - > Finished goods and semi finished goods: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.
- Net realisable 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.

k) 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 asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When 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, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a 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. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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 recognised as a finance cost.

MEMCO ENGINEERING PVT LTD
Notes to the financial statements for the year ended March 31, 2019

m) Retirement and other employee benefits

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 to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a 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 excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates gratuity plan which is unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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 recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- I The date of the plan amendment or curtailment, and
- II The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- I Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- II Net interest expense or income

The Company treats accumulated leave expected to be carried forward beyond twelve months, as a long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method as at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a provisions in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

n) Financial instruments:

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

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

- > Debt instruments at amortised cost
- > Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- > Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to loans, trade receivables, cash and cash equivalents, other bank balances and other financial assets. For more information on receivables, refer note 4B, 4C, 7 and 8.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

MEMCO ENGINEERING PVT LTD
Notes to the financial statements for the year ended March 31, 2019

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income 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 P&L, 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 recognised in the P&L.

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 balance sheet) 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 substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Impairment of financial assets

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

- i) Financial assets that are debt instruments, and are measured at amortised cost e.g. deposits, loans, trade receivables, bank balance and other financial assets.
- ii) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115;
- iii) Loan commitments which are not measured as at FVTPL.

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

- > Trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a 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 entity reverts to recognising impairment loss allowance based on twelve-month ECL.

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

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

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 statement of profit and loss. The balance sheet presentation for financial instrument is described below:

- > ECL on financial assets measured at amortised cost 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 Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

MEMCO ENGINEERING PVT LTD
Notes to the financial statements for the year ended March 31, 2019

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; payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

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 relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the profit or 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 recognised in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR (effective interest rate) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

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 modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

o) Cumulative Non Convertible Redeemable Preference Shares

Cumulative Non Convertible Redeemable Preference Shares are issued at fixed rate of dividend at 6% to the holding Company. These shares are separated into liability and equity components based on the terms of the contract. The dividend payments are non-discretionary in nature.

The dividend rate is not pegged to the market rate. The market rate is around 10.50% (incremental borrowing rate for the company).

On issuance of the non convertible preference shares, the fair value of the liability component is determined using a incremental borrowing rate of the Company. This amount is classified as a financial liability measured at amortised cost until it is extinguished on redemption.

The remainder of the proceeds is recognised and included in equity. The remainder includes the difference between dividend rate and market rate and this difference is treated as contribution by equity holders; as the holding company is compensating the company and is acting in its capacity as equity holders. Hence the same is recognised and included in equity in accordance with Ind AS-32.

p) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

q) Cash dividend

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent 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.

r) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

MEMCO ENGINEERING PVT LTD

Notes to the financial statements for the year ended March 31, 2019

s) Segment reporting

Operating segments are reporting in a manner consistent with the internal reporting to the chief operating decision maker (CODM). The board of directors of the Company assess the financial performance and position of the group and makes strategic decisions. The Board of Directors, which are identified as a CODM, consists of chief executive officer, chief financial officer and all other executive directors.

t) Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the parent company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements, if any, in equity shares issued during the year and excluding treasury shares.

Diluted EPS adjusts the figures used in the determination of basic EPS to consider :

- > The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- > The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

u) Contingent liabilities

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.

A contingent liability can arise for obligations that are possible, but it is yet to be confirmed whether there is present obligation that could lead to an outflow of resources embodying economic benefits.

The Company does not recognise a contingent liability but only makes disclosures for the same in the financial statements when the company has:

- > a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; or
- > present obligation arising from past events, when no reliable estimate is possible; or
- > a possible obligation arising from past events where the probability of outflow of resources is not remote

Contingent liabilities are reviewed at each Balance Sheet date.

MEMCO ENGINEERING PVT LTD
Notes to the financial statements for the year ended March 31, 2019
(All amounts in rupees unless otherwise stated)

Note 3: Property, plant and equipment

Particulars	Leasehold land	Buildings	Plants and equipment	Office equipment	Electrical installation	Furniture and fixtures	Vehicles	Computers and printers	Total
At Cost									
As at April 1, 2017	4,611,371	20,648,628	110,612,487	670,785	1,800,921	552,109	2,194,032	823,668	141,914,001
Additions	-	178,559	42,101,393	65,896	95,782	180,682	-	758,580	43,380,892
Disposals	-	-	(1,285,710)	-	-	-	-	-	(1,285,710)
At 31 March 2018	4,611,371	20,827,187	151,428,170	736,681	1,896,703	732,791	2,194,032	1,582,248	184,009,183
Additions	-	145,810	31,372,197	1,992	-	135,100	-	639,817	32,294,916
Disposals	-	-	(75,363)	-	-	-	-	(1,355)	(76,718)
At 31 March 2019	4,611,371	20,972,997	182,725,004	738,673	1,896,703	867,891	2,194,032	2,220,710	216,227,381

Particulars	Leasehold land	Buildings	Plants and equipment	Office equipment	Electrical installation	Furniture and fixtures	Vehicles	Computers and printers	Total
Depreciation and impairment									
As at April 1, 2017	-	1,929,136	16,004,167	256,668	592,339	186,526	406,420	337,557	19,712,813
Charge for the year	-	1,760,574	19,039,418	143,445	223,955	75,579	534,556	388,373	22,165,900
Disposals	-	-	(245,612)	-	-	-	-	-	(245,612)
At 31 March 2018	-	3,689,710	34,797,973	400,113	816,294	262,105	940,976	725,930	41,633,101
Charge for the year	59,682	1,602,012	25,215,295	101,360	152,191	94,622	366,021	710,599	28,301,782
Disposals	-	-	(6,554)	-	-	-	-	-	(6,554)
At 31 March 2019	59,682	5,291,722	60,006,714	501,473	968,485	356,727	1,306,997	1,436,529	69,928,329
Net book value									
At 31 March 2019	4,551,689	15,681,275	122,718,290	237,200	928,218	511,164	887,035	784,181	146,299,052
At 31 March 2018	4,611,371	17,137,477	116,630,197	336,568	1,080,409	470,686	1,253,056	856,318	142,376,082
Net Book Value	31 March 2019	31 March 2018							
Plant, property and equipment	146,299,052	142,376,082							
Capital work in progress	1,528,898	310,000							

Property, plant and equipment

The entire block of property, plant and equipment comprising of immovable assets with a carrying amount of Rs. 20,232,964 (31 March, 2018: Rs. 21,748,848) and movable assets with a carrying amount of Rs. 125,752,440 (31 March, 2018: Rs. 117,715,691) are subject to first charge to secure the Company's borrowings. (refer note 11).

Note 3a: Intangible Assets

Particulars	Computer Software
At Cost	-
As at April 1, 2017	-
Additions	-
Disposals	-
At 31 March 2018	-
Additions	800,000
Disposals	-
At 31 March 2019	800,000

Particulars	Computer Software
Depreciation and impairment	-
As at April 1, 2017	-
Charge for the year	-
Disposals	-
At 31 March 2018	-
Charge for the year	35,945
Disposals	-
At 31 March 2019	35,945

Net book value	
At 31 March 2019	764,055
At 31 March 2018	-

MEMCO ENGINEERING PVT LTD
Notes to the financial statements for the year ended March 31, 2019
(All amounts in rupees unless otherwise stated)

Note 4: Financial Assets

4A) Investments

Particulars	As at March 31, 2019	As at March 31, 2018
(i) At fair value through profit or loss (FVTPL)		
a) Investments in Equity Instruments		
Shares of Thane Janata Bank 9259 Equity shares of Rs. 50 each fully paid-up (March 31, 2018: 9259 equity shares)	462,950	462,950
Shares of Janiixmi Bank 5198 Equity shares of Rs. 25 each fully paid-up (March 31, 2018: 5198 equity shares)	129,950	129,950
Shares of Mahila Bank 850 Equity shares of Rs. 25 each fully paid-up (March 31, 2018: 850 equity shares)	21,305	21,305
Shares of Godavari Bank 10 Equity shares of Rs.100 each fully paid-up (March 31, 2018: 10 equity shares)	1,000	1,000
Shares of NAMCO Bank 28 Equity shares of Rs. 25 each fully paid-up (March 31, 2018: 28 equity shares)	700	700
Total Investments at FVTPL	615,905	615,905
Non-current	615,905	615,905
Current	-	-
Aggregate book value of unquoted investments	615,905	615,905

4B) Loans

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Security deposits (unsecured, considered good)	1,661,874	1,535,412
Total Loans	1,661,874	1,535,412
Non-current	1,601,874	1,535,412
Current	60,000	-
	1,661,874	1,535,412

Security deposit mainly include security deposits with State electricity board; which generate interest in the range of 7% to 8% for the Company.

Breakup of security details

Particulars	As at March 31, 2019	As at March 31, 2018
- Loans considered good- Secured	-	-
- Loans considered good- Unsecured	1,661,874	1,535,412
- Loans which have significant increase in credit risk	-	-
- Loans - credit impaired	-	-
Total	1,661,874	1,535,412
Loss allowance	-	-
Total Loans	1,661,874	1,535,412

4C) Other Financial Assets

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Bank deposits with remaining maturity for more than 12 months	10,000,000	-
(b) Interest accrued on Fixed deposits	133,044	-
(c) Other receivable	24,669	-
Total Other Financial Assets	10,157,713	-
Non-current	10,000,000	-
Current	157,713	-
	10,157,713	-
Total Financial assets	12,435,492	2,151,317
Total Non-current	12,217,779	2,151,317
Total Current	217,713	-

Break up of financial assets carried at amortised cost

	As at March 31, 2019	As at March 31, 2018
Loans (Note 4B)	1,661,874	1,535,412
Trade receivables (Note 7)	71,995,985	73,434,957
Cash and Cash equivalents (Note 8)	2,435,102	121,959
Other Bank balances (Note 8)	12,140,080	2,011,968
Other financial assets (Note 4C)	10,157,713	-
Total financial assets carried at amortised cost	98,390,754	77,104,296

MEMCO ENGINEERING PVT LTD

Notes to the financial statements for the year ended March 31, 2019

(All amounts in rupees unless otherwise stated)

Note 5: Other Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Capital advances	1,192,051	1,547,328
Prepaid expenses	761,227	210,945
Advance for purchase of materials	6,960,357	280,329
Balances with statutory/government authorities	505,291	1,138,122
Advance tax (net of provision for taxation)	2,454,686	1,732,599
Advance to employees	2,917	68,077
Total other assets	11,876,529	4,977,400
Non-current	3,646,737	3,279,927
Current	8,229,792	1,697,473
	11,876,529	4,977,400

Note 6: Inventories

Particulars	As at March 31, 2019	As at March 31, 2018
Raw materials and components (including goods in transit of March 31, 2018 Rs. 27.34 lacs)	43,118,690	20,802,336
Stores, spares and packing materials	14,884,158	15,327,589
Semi-finished goods	6,600,689	4,705,603
Finished goods	8,313,008	4,824,578
Total inventories at the lower of cost and net realisable value	72,916,545	45,660,106

MEMCO ENGINEERING PVT LTD
Notes to the financial statements for the year ended March 31, 2019
(All amounts in rupees unless otherwise stated)

Note 7: Trade receivables

Particulars	As at March 31, 2019	As at March 31, 2018
Trade receivables	71,995,985	73,434,957
Total	71,995,985	73,434,957
Break-up for security details:		
- Trade receivables considered good- Secured	-	-
- Trade receivables considered good- Unsecured	71,995,985	73,434,957
- Trade receivables which have significant increase in credit risk	-	-
- Trade receivables- credit impaired	-	-
Total	71,995,985	73,434,957
Loss allowance	-	-
Total Trade receivables	71,995,985	73,434,957

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, refer note 31.
Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days.

Note 8: Cash and bank balances

Particulars	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents		
Balance with Banks		
Current accounts	2,426,982	39,075
Deposits with original maturity of less than three months	-	-
Cash on hand	8,120	82,884
Total cash and cash equivalents	2,435,102	121,959
Other bank balances		
Deposits with remaining maturity for less than 12 months	12,140,080	2,011,968
Total other bank balances	12,140,080	2,011,968
Total cash and bank balances	14,575,182	2,133,927

Cash at banks earns interest at fixed rates based on FD receipts made by the company. Fixed deposits are made for varying periods of between 12 month to 14 months, depending on the immediate cash requirements of the Company, and earn interest at the respective short term/long term deposit rates.

At 31 March 2019, the Company had available Rs. 111,685,629 (31 March 2018: Rs.30,552,000) of undrawn committed borrowing facilities

The Company has pledged a part of its short-term deposits amounting to Rs. 2,140,080 to fulfil collateral requirements.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following

Particulars	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents		
Balance with Banks		
Current accounts	2,426,982	39,075
Deposits with original maturity of less than three months	-	-
Cash on hand	8,120	82,884
Total cash and cash equivalents	2,435,102	121,959

MEMCO ENGINEERING PVT LTD
Notes to the financial statements for the year ended March 31, 2019
(All amounts in rupees unless otherwise stated)

Note 9: Share Capital

A) Authorised Share Capital

	Equity Shares	
	Number	In Rs.
At 1 April 2017	300,000	30,000,000
Increase/ (decrease) during the year	-	-
At 31 March 2018	300,000	30,000,000
Increase/ (decrease) during the year	-	-
At 31 March 2019	300,000	30,000,000
	Preference shares	
	Number	In Rs.
At 1 April 2017	-	-
Increase/ (decrease) during the year	500,000	50,000,000
At 31 March 2018	500,000	50,000,000
Increase/ (decrease) during the year	-	-
At 31 March 2019	500,000	50,000,000

Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 100 per share (31 March 2018: Rs. 100 per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Company has declared the dividend for preference share holders at the rate of 6%.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

MEMCO ENGINEERING PVT LTD
Notes to the financial statements for the year ended March 31, 2019
(All amounts in rupees unless otherwise stated)

B) Issued equity capital

Equity shares of Rs. 100 each issued, subscribed and fully paid

At 1 April 2017

Issued during the year

At 31 March 2018

Issued during the year

At 31 March 2019

Preference shares of Rs. 100 each issued, subscribed and fully paid

At 1 April 2017

Issued during the year

At 31 March 2018

Issued during the year

At 31 March 2019

Shares held by holding/ultimate holding company and/ or their subsidiaries/ associates

Out of equity and preference shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

Particulars	31 March 2019		31 March 2018	
	No of shares	Amount	No of shares	Amount
Equity shares of Rs. 100 each fully paid				
Precision Camshafts Limited (including nominee shareholders)	300,000	30,000,000	285,000	28,500,000

During the previous year, Precision Camshaft Limited, had acquired 95% of the shares w.e.f Oct 10, 2017 on discharge of consideration of Rs. 380,435,100 to erstwhile shareholders of the Company. During current financial year, the holding company has acquired remaining 5% of the shares with effect from March 29, 2019 on discharge of consideration of Rs. 2,61,00,000 to erstwhile shareholders of the Company.

MEMCO ENGINEERING PVT LTD
Notes to the financial statements for the year ended March 31, 2019
(All amounts in rupees unless otherwise stated)

Details of shareholders holding more than 5% shares in the Company

Equity shares of Rs. 100 each fully paid

	31 March 2019		31 March 2018	
	No of shares	% holding in the class	No of shares	% holding in the class
Precision Camshafts Limited (including nominee shareholders)	300,000	100.00%	285,000	95.00%
Mr. Rajendra S. Dharkar	-	0.00%	11,196	3.73%
Mrs. Vinita R. Dharkar	-	0.00%	3,804	1.27%
Mrs. Uma N. Diwakar	-	-	-	-
	300,000	100.00%	300,000	100.00%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Particulars	Year ended			
	31 March 2018	31 March 2017	31 March 2016	31 March 2015
Equity shares allotted as fully paid bonus shares by capitalization of securities premium or capital redemption reserve	-	-	-	-

C) Equity Component of Cumulative Non Convertible Redeemable Preference Shares of Rs. 100 each issued and fully paid

	Amount
At 1 April 2017	-
Increase/ (decrease) during the year	1,684,286
At 31 March 2018	1,684,286
Increase/ (decrease) during the year	5,389,716
At 31 March 2019	7,074,002

This note covers the equity component of the issued Cumulative Non Convertible Redeemable Preference Shares. The liability component is reflected in borrowings. (Refer note 11)

MEMCO ENGINEERING PVT LTD**Notes to the financial statements for the year ended March 31, 2019***(All amounts in rupees unless otherwise stated)***Note 10: Other Equity****Retained earnings****At 1 April 2017****In Rs.****55,258,236**

Add: Profit for the year

18,809,208

Add: Other comprehensive income for the year

1,094,935

At 31 March 2018**75,162,379**

Add: Profit for the year

34,745,183

Add: Other comprehensive income for the year

2,966,755

At 31 March 2019**112,874,317**

MEMCO ENGINEERING PVT LTD
Notes to the financial statements for the year ended March 31, 2019
(All amounts in rupees unless otherwise stated)

Note 11: Financial Liabilities

a) Borrowings

Particulars	Rate of interest	Maturity	As at March 31, 2019	As at March 31, 2018
Borrowings				
Non Current borrowings				
Term Loan				
Bank I				
Term loan 3	10.50%		-	2,811,797
Term loan 4	10.50%		-	19,024,993
Term loan 5	10.50%		-	5,939,269
Term loan 6	10.50%		-	2,514,700
Term loan 7	10.50%		-	20,761,965
Term loan 8	10.50%		-	4,083,461
Working capital term loan (secured)	10.50%		-	1,494,924
Loan for car (secured)	9.57%		-	256,440
Bank II				
Term loan 2	9.75%	Dec-22	2,189,820	-
Term loan 3	9.75%	Jun-22	13,681,826	-
Term loan 4	9.75%	Sep-24	17,377,520	-
Term loan 5	9.75%	Sep-24	1,930,354	-
Term loan 6	9.75%	Sep-24	3,413,761	-
Term loan 7	9.75%	May-22	4,271,203	-
Liability component of compound financial instrument				
Cumulative Non Convertible Redeemable Preference Shares (unsecured)	10.50%	2018-2023	35,826,529	8,355,377
Total Non Current borrowings			78,691,013	65,242,926
Current maturity of long term loans				
Term Loan				
Bank I				
Loan for machinery (secured)				
Term loan 2	10.50%			3,869,017
Term loan 3	10.50%			749,480
Term loan 4	10.50%			5,311,387
Term loan 5	10.50%			1,933,955
Term loan 6	10.50%			156,908
Term loan 7	10.50%			1,670,770
Term loan 8	10.50%			327,723
Working capital term loan (secured)	10.50%			2,000,000
Loan for car (secured)	9.57%	Jul-19	256,440	569,551
Bank II				
Term loan 2	9.75%	Dec-22	636,336	
Term loan 3	9.75%	Jun-22	5,003,830	
Term loan 4	9.75%	Sep-24	2,781,438	
Term loan 5	9.75%	Sep-24	305,226	
Term loan 6	9.75%	Sep-24	541,913	
Term loan 7	9.75%	May-22	1,656,645	
Loan repayable on Demand				
Cash credit from banks (secured)	9.75%	On Demand	26,887,256	9,448,333
Total current Borrowings			38,069,084	26,037,124
Less: amount clubbed under "Other Financial liabilities"			11,181,828	16,588,791
Net Current Borrowings			26,887,256	9,448,333
Aggregate value of secured loans			116,760,097	91,280,050

MEMCO ENGINEERING PVT LTD

Notes to the financial statements for the year ended March 31, 2019

(All amounts in rupees unless otherwise stated)

Bank I

Term loan 2:

Term loan 2 carries interest at the rate of 10.50% p.a. The tenure of the loan is 63 months having 3 months of moratorium period. The loan is repayable in 60 equal monthly instalments commencing from November 2013. The loan is secured by hypothecation of stock and book debts, plant and machinery (existing and future) and equitable mortgage of land and building at plot no F-5, MIDC, Satpur and Plot no H-23, MIDC, Satpur as collateral security. The loans has been secured by the personal guarantee of directors Mr. Rajendra S. Dharkar and Mrs. Vinita R. Dharkar. This loan has been preclosed in October 2018 and has been takeover by Bank II. Refer Loan 3 under Bank II for security details.

Term loan 3:

Term loan 3 carries interest at the rate of 10.50% p.a. The tenure of the loan is 96 months having 12 months of moratorium period. The loan is repayable in 84 equal monthly instalments commencing from April 2016. The loan is secured by hypothecation of plant and machinery (existing and future), recurring deposit and equitable mortgage of land and building at plot no F-5, MIDC, Satpur. The loans has been secured by the personal guarantee of directors Mr. Rajendra S. Dharkar and Mrs. Vinita R. Dharkar. This loan has been preclosed in October 2018 and has been takeover by Bank II. Refer Loan 4 under Bank II for security details.

Term loan 4:

Term loan 4 carries interest at the rate of 10.50% p.a. The tenure of the loan is 96 months having 12 months of moratorium period. The loan is repayable in 84 equal monthly instalments commencing from June 2016. The loan is secured by hypothecation of stock and book debts, plant and machinery (existing and future), recurring deposit and supplementary equitable mortgage of land and building at plot no F-5, MIDC, Satpur. The loans has been secured by the personal guarantee of directors Mr. Rajendra S. Dharkar and Mrs. Vinita R. Dharkar. This loan has been preclosed in October 2018 and has been takeover by Bank II. Refer Loan 3 under Bank II for security details.

Term loan 5:

Term loan 5 carries interest at the rate of 10.50% p.a. The tenure of the loan is 66 months having 6 months of moratorium period. The loan is repayable in 60 equal monthly instalments commencing from August 2017. The loan is secured by hypothecation of plant and machinery purchased and equitable mortgage of land and building at plot no F-5, MIDC, Satpur as collateral security. The loans has been secured by the personal guarantee of directors Mr. Rajendra S. Dharkar and Mrs. Vinita R. Dharkar. This loan has been preclosed in October 2018 and has been takeover by Bank II. Refer Loan 7 under Bank II for security details.

Term loan 6, 7 and 8:

Term loan 6, 7 and 8 carries interest at the rate of 10.50% p.a. The tenure of all the loans is 84 months having 6 months of moratorium period. The loans are repayable in 78 equal monthly instalments commencing from August 2018. The loan is secured by hypothecation of plant and machinery purchased and supplementary equitable mortgage of land and building at plot no F-5, MIDC, Satpur as collateral security. The loans has been secured by corporate guarantee of Holding Company Precision Camshaft Limited and personal guarantee of directors Mr. Yatin S. Shah, Dr. Suhasini Y. Shah. This loan has been preclosed in October 2018 and has been takeover by Bank II. Refer Loan 4, 5 and 6 under Bank II for security details.

Bank II

Term loan 2:

Term loan 2 of Bank II carries interest at the rate of 9.75% p.a. The tenure of the loan is 51 months. The loan is repayable in 51 monthly instalments commencing from October 2018. The loan is secured by existing and future moveable and immoveable fixed assets of plot no F-5, MIDC, Satpur as collateral security. The loans has been secured by the corporate guarantee of holding company, Precision Camshafts Limited.

Term loan 3:

Term loan 3 of Bank II carries interest at the rate of 9.75% p.a. The tenure of the loan is 44 months. The loan is repayable in 44 monthly instalments commencing from November 2018. The loan is secured by existing and future moveable and immoveable fixed assets of plot no F-5, MIDC, Satpur as collateral security. The loans has been secured by the corporate guarantee of holding company, Precision Camshafts Limited.

Term loan 4:

Term loan 4 of Bank II carries interest at the rate of 9.75% p.a. The tenure of the loan is 72 months. The loan is repayable in 72 monthly instalments commencing from October 2018. The loan is secured by existing and future moveable and immoveable fixed assets of plot no F-5, MIDC, Satpur as collateral security. The loans has been secured by the corporate guarantee of holding company, Precision Camshafts Limited.

Term loan 5:

Term loan 5 of Bank II carries interest at the rate of 9.75% p.a. The tenure of the loan is 72 months. The loan is repayable in 72 monthly instalments commencing from October 2018. The loan is secured by existing and future moveable and immoveable fixed assets of plot no F-5, MIDC, Satpur as collateral security. The loans has been secured by the corporate guarantee of holding company, Precision Camshafts Limited.

Term loan 6:

Term loan 6 of Bank II carries interest at the rate of 9.75% p.a. The tenure of the loan is 72 months. The loan is repayable in 72 monthly instalments commencing from October 2018. The loan is secured by existing and future moveable and immoveable fixed assets of plot no F-5, MIDC, Satpur as collateral security. The loans has been secured by the corporate guarantee of holding company, Precision Camshafts Limited.

MEMCO ENGINEERING PVT LTD**Notes to the financial statements for the year ended March 31, 2019**

(All amounts in rupees unless otherwise stated)

Term loan 7:

Term loan 7 of Bank II carries interest at the rate of 9.75% p.a. The tenure of the loan is 44 months. The loan is repayable in 44 monthly instalments commencing from October 2018. The loan is secured by existing and future moveable and immoveable fixed assets of plot no F-5, MIDC, Satpur as collateral security. The loans has been secured by the corporate guarantee of holding company, Precision Camshafts Limited.

The Company does not have any continuing defaults in repayment of loans and interest during the year and as at the reporting date.

Working Capital Term Loan:

Working Capital Term Loan carries interest at the rate of 10.50% p.a. The tenure of the loan is 60 months. The loan is repayable in 60 equal monthly instalments commencing from October 2014. The loan is secured by hypothecation of land and building at plot no F-5, MIDC, Satpur.

Cash credit from banks:

Cash credit is secured by hypothecation of current assets of the Company. Cash credit has also been secured by collateral securities of existing and future moveable and immoveable fixed assets of plot no F-5, MIDC, Satpur. The cash credit has been secured by corporate guarantee of holding company, Precision Camshaft Limited. The cash credit has also been secured by Demand promissory note and letter of continuity for Rs. 8,000,000.

The carrying amounts of property, plant and equipment pledged as security for borrowings are disclosed in note 3.

The carrying amount of inventories and trade receivables are pledged as security for short term borrowings of the previous year.

Term loan and loans repayable on demand from banks contain covenants relating to debt service coverage ratio, total debt gearing ratio. All the ratios mentioned above are within the level stipulated by the banks in its prescribed sanctions.

Note 12: Other financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Current maturity of long term loans (refer note 11)	11,181,828	16,588,791
Employee benefit liabilities	14,458,502	12,870,350
Sundry payables for capital goods purchased	761,244	1,260,500
Dividend on preference shares payable	1,881,830	87,123
Total	28,283,404	30,806,764
Non - Current	-	-
Current	28,283,404	30,806,764
	28,283,404	30,806,764

Break up of financial liabilities carried at amortised cost

Particulars	As at March 31, 2019	As at March 31, 2018
Borrowings (non-current) (note 11)	78,691,013	65,242,926
Borrowings (current) (note 11)	26,887,256	9,448,333
Current maturity of long term loans(note 12)	11,181,828	16,588,791
Trade payables (note 13)	20,567,083	36,655,380
Other financial liabilities (note 12)	17,101,576	14,217,973
Total	154,428,756	142,153,403

MEMCO ENGINEERING PVT LTD
Notes to the financial statements for the year ended March 31, 2019
(All amounts in rupees unless otherwise stated)

Note 13: Trade payables

Particulars	As at March 31, 2019	As at March 31, 2018
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	8,623,620	20,032,227
- Total outstanding dues of creditors other than micro enterprises and small enterprises	11,943,463	16,623,153
- To related parties	-	-
Total trade payables	20,567,083	36,655,380
Non-current	-	-
Current	20,567,083	36,655,380
	20,567,083	36,655,380

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 60 to 90 day terms
For terms and conditions with related parties, refer to note 31
For explanations on the Company's credit risk management processes, refer note 38

Details of dues to Micro and small as defined under MSMED Act, 2006

Particulars	As at March 31, 2019	As at March 31, 2018
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	8,623,620	20,032,227
Interest due on above	6,453	-
(ii) The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006. The amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
(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, 2006	1,199,791	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
(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	-	-

Interest payable as per section 16 of the Micro, Small and Medium Enterprises Act, 2006 is (31 March 2018 :Rs.)
and same is not accrued in the books of accounts. Company has received no claim against the interest mentioned above. The Company has shown the interest payable in to contingent liabilities.

MEMCO ENGINEERING PVT LTD
Notes to the financial statements for the year ended March 31, 2019
 (All amounts in rupees unless otherwise stated)

Note 14: Other current liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Advances from customers	9,112,851	-
Tax deducted at source payable	140,869	1,070,184
Excise/ service tax and GST payable	2,933,386	5,067,965
Total	12,187,106	6,138,149

Note 15: Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
Employee benefits obligations:		
Gratuity	17,915,994	19,271,355
Compensated absences	7,772,910	7,192,045
Provision for dividend distribution tax	369,554	17,737
Total	26,058,458	26,481,137
Non-current	23,997,983	25,455,470
Current	2,060,475	1,025,667
	26,058,458	26,481,137

The liability for compensated absences cover the Company's liability for earned leaves.

Also refer note 29 for detailed disclosure of gratuity.

Note 16: Current tax liabilities (net)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for income tax (net of advance taxes)	-	418,401
Total	-	418,401

MEMCO ENGINEERING PVT LTD**Notes to the financial statements for the year ended March 31, 2019***(All amounts in rupees unless otherwise stated)***Note 17: Revenue from operations**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Sale of products (including excise duty for March 31, 2018)	424,062,838	312,122,320
Sale of services	27,711,298	24,417,721
Total sale of products and services	451,774,136	336,540,041
Other operating income		
Scrap sales	20,415,616	10,692,497
Packing and forwarding charges	1,830	11,737
Total other operating income	20,417,446	10,704,234
	472,191,582	347,244,275

Sale of goods includes excise duty collected from customers for March 31, 2018 of Rs. 9,042,292. Sale of goods net of excise duty for March 31, 2018 is Rs. 313,772,525.

On introduction of goods and service tax (GST) w.e.f. July 01, 2017; the sales shown above for the period July 01, 2017 to March 31, 2018 as well as for the period April 01, 2018 to March 31, 2019 are net of such GST. GST is a liability arising on sales of goods and not on manufacturing of goods. Accordingly the same does not form part of cost of production. Excise duty being part of cost of production; the amount of excise duty from April 2017 to June 2017 has been included in the above sales pertaining to March 31, 2018; and shown as expenses in financial statement.

Accordingly; the sales net of excise duty gives better comparison with corresponding comparative number.

Note 18: Cost of raw materials and components consumed

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Inventory at the beginning of the year	20,802,336	15,466,677
Add: purchases	172,410,241	108,386,879
	193,212,577	123,853,556
Less: inventory at the end of the year	43,118,690	20,802,336
Cost of raw materials and components consumed	150,093,887	103,051,220

Note 19: (Increase) / decrease in inventories of finished goods and work in progress

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Opening stock:		
Finished goods	4,824,578	7,725,068
Semi-finished goods	4,705,603	1,000,000
	9,530,181	8,725,068
Closing stock:		
Finished goods	8,313,008	4,824,578
Semi-finished goods	6,600,689	4,705,603
	14,913,697	9,530,181
(Increase)/decrease in inventories of finished goods and work in progress	(5,383,516)	(805,113)

Note 20: Employee benefit expense

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages, bonus and commission	106,030,088	87,710,360
Contribution to provident fund and other funds	7,613,492	5,846,596
Gratuity expense (refer note 30)	3,149,847	3,098,247
Staff welfare expenses	2,449,060	1,417,497
	119,242,487	98,072,700

MEMCO ENGINEERING PVT LTD

Notes to the financial statements for the year ended March 31, 2019

(All amounts in rupees unless otherwise stated)

Note 21: Other expenses

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Consumable Stores, Spare Parts, Gauges, Oil & Lubricant	38,325,182	22,331,890
Packing Material	3,028,190	1,344,007
Rent	260,000	-
Power and fuel	19,953,784	13,969,694
Job work expenses	33,285,574	19,043,132
Freight outward charges	2,664,026	1,887,919
Rates and Taxes	690,232	2,997,264
Insurance Charges	865,720	1,084,121
Repairs and maintenance		
Plant and machinery	6,455,510	3,708,181
Building	248,005	246,098
Others	134,080	108,250
Advertisement and sales promotion	117,417	244,200
Travelling and conveyance	944,071	2,005,095
Telephone and communication expenses	708,155	556,416
Legal and professional fees	2,681,871	2,620,153
Payment to auditor (refer details below)	250,000	150,000
Exchange rate difference (net)	-	(93,945)
Bad debts and advances written off	360,154	-
Loss/(profit) on sale of asset	(493,204)	159,433
Miscellaneous expenses	7,652,700	5,412,301
	118,131,467	77,774,209

Payment to Auditors

	Year ended March 31, 2019	Year ended March 31, 2018
As auditor		
Audit Fee	250,000	150,000

Note 22: Finance costs

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest on borrowings	9,155,933	8,212,531
Interest on current tax	57,270	9,098
Interest on redeemable preference shares	2,742,698	126,786
Dividend distribution tax	369,554	17,737
Bank charges	225,859	243,940
	12,551,314	8,610,092

Note 23: Finance income

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest income on		
Bank deposits	275,492	103,746
Others	114,834	126,882
Dividend income on long term investment	69,450	69,450
	459,776	300,078

Note 24: Depreciation and amortisation expense

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of tangible assets	28,301,782	22,165,900
Amortisation of intangible assets	35,945	
	28,337,727	22,165,900

MEMCO ENGINEERING PVT LTD

Notes to the financial statements for the year ended March 31, 2019

(All amounts in rupees unless otherwise stated)

Note 25: Income Tax

The major components of income tax expense for the years ended 31 March 2019 and 31 March 2018 are:

	Year ended March 31, 2019	Year ended March 31, 2018
Current income tax:		
Current income tax charge	15,146,066	10,938,038
Adjustments in respect of current income tax of previous year	167,140	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(380,397)	(114,193)
Income tax expense reported in the statement of profit or loss	14,932,809	10,823,845
OCI Section		
	Year ended March 31, 2019	Year ended March 31, 2018
Net loss/(gain) on remeasurements of defined benefit plans	(1,143,462)	(416,363)
Income tax expense charged to OCI	(1,143,462)	(416,363)
Reconciliation of closing balance of Deferred tax asset:		
	As at March 31, 2019	As at March 31, 2018
Deferred tax liability		
Expenses allowed entirely in tax and deferred in accounts	754,678	-
Gross deferred tax liability	754,678	-
Deferred tax assets		
PPE: impact of difference between tax depreciation and depreciation / / amortisation for the financial reporting	1,239,865	1,929,995
Employee related costs allowed for tax purposes on payment basis	9,016,388	8,026,815
Expenses allowed for tax purposes on 5 years basis	729,326	1,037,156
Gross deferred tax assets	10,985,579	10,993,966
Net deferred tax asset	(10,230,901)	(10,993,966)
Deferred tax credit for the year		
Closing deferred tax asset (net)	(10,230,901)	(10,993,966)
Less: opening deferred tax asset (net)	(10,993,966)	(11,296,136)
Deferred tax movement for the year (a)	763,065	302,170
Deferred tax credit / (charge) recorded in OCI (refer note 27) (b)	(1,143,462)	(416,363)
Deferred tax (credit) / charge recorded in statement of profit and loss (a+b)	(380,397)	(114,193)

MEMCO ENGINEERING PVT LTD**Notes to the financial statements for the year ended March 31, 2019***(All amounts in rupees unless otherwise stated)***Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2019 and 31 March 2018**

	Year ended March 31, 2019	Year ended March 31, 2018
Accounting profit before tax	49,677,992	29,633,053
Accounting profit before income tax	49,677,992	29,633,053
At India's statutory tax rate 27.82% (31 March 2017 27.55%)	13,820,417	8,163,906
Non-deductible expenses for tax purposes:		
Donations disallowed	17,388	15,153
Dividend on redeemable preference shares including DDT	865,828	39,816
EPCG penalty expenses	-	675,039
Interest on TDS	20,225	12,388
Penalty under income tax	-	3,100
Deferred tax reduction due to difference in tax rate	107,745	1,882,689
others	(65,934)	31,754
At the effective income tax rate of 29.72% (31 March 2018 36.52%)	14,765,669	10,823,845
Income tax reported in the statement of profit and loss excluding adjustments in respect of current income tax of previous year	14,765,669	10,823,845
Reconciliation of deferred tax asset (net):	As at March 31, 2019	As at March 31, 2018
Opening balance as of 1 April	10,993,966	11,296,136
Tax income / (expense) during the period recognised in profit or loss	380,397	114,193
Tax income / (expense) during the period recognised in OCI	(1,143,462)	(416,363)
Closing Balance as at 31 March	10,230,901	10,993,966

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

MEMCO ENGINEERING PVT LTD**Notes to the financial statements for the year ended March 31, 2019***(All amounts in rupees unless otherwise stated)***Deferred tax****Deferred tax relates to the following**

	Balance sheet		Statement of Profit & Loss	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Accelerated depreciation for tax purposes	1,239,865	1,929,995	(690,130)	(12,071)
Expenses allowed entirely in tax and deferred in accounts	(754,678)	-	(754,678)	-
Employee benefit expenses allowed on payment basis under Sec 43B of Income tax Act, 1961	9,016,388	8,026,815	989,573	(259,377)
Expenses allowed for tax purposes on 5 years basis	729,326	1,037,156	(307,830)	(30,722)
Amount to be charged in statement of OCI			1,143,462	416,363
	10,230,901	10,993,966	380,397	114,193

MEMCO ENGINEERING PVT LTD**Notes to the financial statements for the year ended March 31, 2019***(All amounts in rupees unless otherwise stated)***Note 26: Components of Other comprehensive income (OCI)****During the year ended 31 March 2019**

	Retained earnings	Total
Re-measurement gains / (losses) on defined benefit plans	4,110,217	4,110,217
Income tax effect	(1,143,462)	(1,143,462)
	2,966,755	2,966,755

During the year ended 31 March 2018

	Retained earnings	Total
Re-measurement gains / (losses) on defined benefit plans	1,511,298	1,511,298
Income tax effect	(416,363)	(416,363)
	1,094,935	1,094,935

Note 27: Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profits for the year attributable to equity share holders of the Company by weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity share holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into equity shares.

The following reflects the profit and share data used in the basic and diluted EPS computation

	Year ended March 31, 2019	Year ended March 31, 2018
Profit attributable to Equity shareholders of the company	34,745,183	18,809,208
Weighted average number of equity shares in calculating basic EPS	300,000	300,000
Weighted average number of equity shares in calculating diluted EPS	300,000	300,000
Earnings per share (basic) (Rupees/share)	115.82	62.70
Earnings per share (diluted) (Rupees/share)	115.82	62.70

MEMCO ENGINEERING PVT LTD

Notes to the financial statements for the year ended March 31, 2019

(All amounts in rupees unless otherwise stated)

Note 28: Distributions made and proposed

	<u>Year ended March 31, 2019</u>	<u>Year ended March 31, 2018</u>
Final dividend for the year ended 31 March 2019: Rs. Nil per share (31 March 2018: Rs. Nil per share)	-	-
	<u>-</u>	<u>-</u>
Proposed dividend on equity shares		
Final cash dividend for the year ended on 31 March 2019: Rs. Nil per share (31 March 2018: Rs. Nil per share)	-	-
Tax on proposed dividend	-	-
	<u>-</u>	<u>-</u>

MEMCO ENGINEERING PRIVATE LIMITED
Notes to the financial statements for the year ended March 31, 2019
(All amounts in rupees unless otherwise stated)

Note 29: Disclosure pursuant to Employee benefits

A. Defined contribution plans:
Amount of Rs. 7,613,492 (March 31, 2018: Rs. 5,846,596) is recognised as expenses and included in Note No. 20 'Employee benefit expense'.

B. Defined benefit plans:
The Company has following post employment benefits which are in the nature of defined benefit plans:
(a) Gratuity

The Company has a defined benefit gratuity plan in India and the same is unfunded. The Company's defined benefit gratuity plan is a final salary plan for India employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. As per the Payment of Gratuity Act, 1972, an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service and salary at retirement age.

The following table summarise the components of net benefit expense recognised in the statement of profit and loss and amounts recognised in the balance sheet for the respective plans.

	31 March 2019	31 March 2018
Net benefit expense (recognised in statement of profit and loss) *		
Current service cost	1,640,900	1,701,138
Net interest cost	1,508,947	1,302,189
Past service cost	38,330	
	<u>3,149,847</u>	<u>3,041,657</u>

*The amount debited to statement of profit and loss includes gratuity expenses in account of full and final settlement of left employees whose gratuity payments have not been considered for actuarial valuation amounting to Rs. 56,590 for the year ended March 31, 2018.

Changes in the present value of the defined benefit obligation are, as follows :

	Amount
Defined benefit obligation at 31 March 2017	17,740,996
Interest cost	1,302,189
Current service cost	1,701,138
Past service cost	38,330
Benefits paid	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(1,337,841)
Actuarial (Gains)/Losses on Obligations - Due to Experience	(173,457)
Defined benefit obligation at 31 March 2018	19,271,355
Interest cost	1,508,947
Current service cost	1,640,900
Benefits paid	(394,991)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(3,611,954)
Actuarial (Gains)/Losses on Obligations - Due to Experience	(498,263)
Defined benefit obligation at 31 March 2019	17,915,994

March 31, 2019 : Changes in defined benefit obligation and plan assets

	Gratuity cost charged to statement of profit and loss		Remeasurement gains/(losses) recognised in OCI				Contributions by employer	(In Rs.)
	April 1, 2018	March 31, 2019	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments		
Gratuity								
Defined benefit obligation	19,271,355	1,508,947	-	(3,611,954)	(498,263)	-	(4,110,217)	-
Fair value of plan assets	-	3,149,847	-	-	-	-	-	-
Benefit liability	<u>19,271,355</u>	<u>1,508,947</u>	<u>3,149,847</u>	<u>(3,611,954)</u>	<u>(498,263)</u>	<u>-</u>	<u>(4,110,217)</u>	<u>17,915,994</u>
Total benefit liability	19,271,355	1,508,947	3,149,847	(3,611,954)	(498,263)	-	(4,110,217)	17,915,994

MEMCO ENGINEERING PRIVATE LIMITED
Notes to the financial statements for the year ended March 31, 2019
(All amounts in rupees unless otherwise stated)

(In Rs.)

March 31, 2018 : Changes in defined benefit obligation and plan assets	Gratuity cost charged to statement of profit and loss		Remeasurement gains/(losses) recognised in OCI					Contributions by employer		
	April 1, 2017	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 20)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions		Actuarial changes arising from changes in financial assumptions	Experience adjustments
Gratuity										
Defined benefit obligation	17,740,996	1,739,468	1,302,189	3,041,657	-	-	(1,337,841)	(173,457)	(1,511,298)	-
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-
Benefit liability	17,740,996	1,739,468	1,302,189	3,041,657	-	-	(1,337,841)	(173,457)	(1,511,298)	-
Total benefit liability	17,740,996	1,739,468	1,302,189	3,041,657	-	-	(1,337,841)	(173,457)	(1,511,298)	-

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Discount rate	7.79%	7.83%
Future salary increase	8.00%	9.50%
Expected rate of return on plan assets	NA	NA
Expected average remaining working lives (in years)	16	16
Withdrawal rate (based on grade and age of employees)	2.00%	2.00%

A quantitative sensitivity analysis for significant assumption is as shown below:

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)	
		Year ended March 31, 2019	Year ended March 31, 2018
Discount rate	1% increase	(2,005,041)	(2,368,459)
	1% decrease	2,408,273	2,874,095
Future salary increase	1% increase	2,378,997	2,797,745
	1% decrease	(2,018,546)	(2,355,173)

The followings are the expected future benefit payments for the defined benefit plan :

Particulars	Rs.	
	Year ended March 31, 2019	Year ended March 31, 2018
Gratuity		
Within the next 12 months (next annual reporting period)	890,054	663,488
Between 2 and 5 years	4,070,720	2,615,223
Beyond 5 years	54,260,291	68,235,505
Total expected payments	59,221,065	71,514,216

Weighted average duration of defined plan obligation (based on discounted cash flows)

Particulars	Years	
	Year ended March 31, 2019	Year ended March 31, 2018
Gratuity	14	16

MEMCO ENGINEERING PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2019

(All amounts in rupees unless otherwise stated)

Note 30: Commitments and contingencies

a. Commitments

Estimated amount of contracts remaining to be executed on capital account and material not provided for (net of advances): At 31 March 2019, the Company had commitments of Rs. (31 March 2018: Rs. 69,111,433)

b. Contingent liabilities

The interest payable as per section 16 of the Micro, Small and Medium Enterprises Act, 2006 is Rs. (March 31, 2018: Rs.).

In above mentioned case, outflow is not probable and hence, not provided by the Company.

MEMCO ENGINEERING PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2019

(All amounts in rupees unless otherwise stated)

Note 31: Related party transactions

A Names of the related party and related party relationship:

a) Related party where control exists

i) Holding Company

Precision Camshafts Limited (since October 10, 2017)

b) Related parties under 'Ind AS 24- Related Party Disclosures', with whom transactions have taken place during the period

i) Key management personnel (KMP)

Rajendra Shripad Dharkar, Managing Director (upto December 31, 2018)

Vinita Rajendra Dharkar, Director (upto December 31, 2018)

Yatin Subhash Shah, Director (since October 10, 2017)

Suhasini Yatin Shah, Director (since October 10, 2017)

Ravindra Rangnath Joshi, Director (since October 10, 2017)

Karan Yatin Shah, Director (since February 07, 2019)

Shreyas Mokashi, Company Secretary (since April 01, 2019)

ii) Relatives of key management personnel (RKMP)

Uma Nikhil Diwakar

iii) Enterprises owned or significantly influenced by key management personnel or their relatives:

Medical Equipment Manufacturing Company

MEMCO ENGINEERING PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2019

*(All amounts in rupees unless otherwise stated)***B The transactions with related parties during the period/year and their outstanding balances are as follows:**

Sr. No.	Particulars	Holding Company		Key management personnel	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Transactions				
1	Remuneration* (including commission)	-	-	4,345,000	7,340,000
2	Preference shares issued during the year	32,000,000	10,000,000	-	-
3	Sale of fixed asset	-	-	-	200,000
4	Interest on preference shares	2,742,698	126,786	-	-
	Balances outstanding				
1	Remuneration payable	-	-	-	870,590
2	Equity Component of preference shares	7,074,002	1,684,286	-	-
3	Liability component of preference shares	35,826,529	8,355,377	-	-
4	Dividend on redeemable preference shares Payable	1,881,830	87,123	-	-

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

* As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the remuneration does not include the same.

MEMCO ENGINEERING PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2019

(All amounts in rupees unless otherwise stated)

C Disclosure in respect of material related party transaction during the year:

Sr. No.	Particulars	Relationship	31 March 2019	31 March 2018
1	Remuneration* (including commission)			
	Rajendra Shripad Dharkar, Managing Director	Key management personnel (KMP)	2,172,500	4,640,000
	Vinita Rajendra Dharkar, Director	Key management personnel (KMP)	2,172,500	2,700,000
	Uma Nikhil Diwakar	Relatives of key management personnel (RKMP)	-	-
2	Sale of fixed asset			
	Rajendra Shripad Dharkar, Managing Director	Key management personnel (KMP)	-	100,000
	Vinita Rajendra Dharkar, Director	Key management personnel (KMP)	-	100,000
3	Preference shares issued during the year			
	Precision Camshafts Limited	Holding Company	32,000,000	10,000,000
4	Interest on preference shares			
	Precision Camshafts Limited	Holding Company	2,742,698	126,786

Balances outstanding

Sr. No.	Particulars	Relationship	31 March 2019	31 March 2018
1	Remuneration payable			
	Rajendra Shripad Dharkar, Managing Director	Key management personnel (KMP)	-	544,443
	Vinita Rajendra Dharkar, Director	Key management personnel (KMP)	-	326,147
2	Equity Component of preference shares			
	Precision Camshafts Limited	Holding Company	7,074,002	1,684,286
3	Liability component of preference shares			
	Precision Camshafts Limited	Holding Company	35,826,529	8,355,377
4	Dividend on redeemable preference shares Payable			
	Precision Camshafts Limited	Holding Company	1,881,830	87,123

* As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the company as a whole, the remuneration does not include the same.

Compensation of Key managerial personnel of the Company

	31 March 2018	31 March 2018
Short term employee benefits	4,345,000	7,340,000
Total compensation paid to key management personnel	4,345,000	7,340,000

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period.

Note 32: Segment information

The Company is engaged in precision machining industry. Based on similarity of activities/products, risk and reward structure, organisation structure and internal reporting systems, the Company has structured its operations into a single operating segment. The Company operates majorly in single geographical segment, i.e India and having immaterial export transactions. Accordingly, the chief operating decision maker uses this set of financial for decision making.

MEMCO ENGINEERING PVT LTD**Notes to the financial statements for the year ended March 31, 2019***(All amounts in rupees unless otherwise stated)***Note 33: Fair values**

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying Value		Fair value	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Financial assets				
Investments	615,905	615,905	615,905	615,905
Total	615,905	615,905	615,905	615,905

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

Note 34: Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

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

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investments	31-Mar-19	615,905	-	615,905	-

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2018:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investments	31-Mar-18	615,905	-	615,905	-

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.

MEMCO ENGINEERING PVT LTD**Notes to the financial statements for the year ended March 31, 2019***(All amounts in rupees unless otherwise stated)***Note 35: Capital Management**

For the purpose of the Company's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders and borrowings. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments for compliance with the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

During the previous year, Precision Camshaft Limited, a listed company had acquired 95% of the shares w.e.f Oct 10, 2017 on discharge of consideration of Rs. 380,435,100 to erstwhile shareholders of the Company. During current financial year, the holding company has acquired remaining 5% of the shares with effect from March 29, 2019 on discharge of consideration of Rs. 2,61,00,000 to erstwhile shareholders of the Company.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

	<u>31 March 2019</u>	<u>31 March 2018</u>
	<u>Rupees</u>	<u>Rupees</u>
Borrowings other than non convertible preference shares (note 11)	80,933,568	82,924,673
Trade payables (note 13)	20,567,083	36,655,380
Other payables (note 14)	12,187,106	6,138,149
Other financial liabilities	17,101,576	14,217,973
Less: cash and cash equivalent (note 8)	<u>(2,435,102)</u>	<u>(121,959)</u>
Net debt	128,354,231	139,814,216
Total Equity	<u>149,948,319</u>	<u>106,846,665</u>
	<u>149,948,319</u>	<u>106,846,665</u>
Capital and net debt	278,302,550	246,660,881
Gearing ratio	46%	57%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

Note 36: Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, 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 assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements**Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

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 that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation 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. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for the plans, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in note 29.

Fair value measurement of financial instruments

When the fair values 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 DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements 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. See note 33 and 34 for further disclosures.

MEMCO ENGINEERING PVT LTD**Notes to the financial statements for the year ended March 31, 2019***(All amounts in rupees unless otherwise stated)***Note 37: Financial risk management objectives and policies**

The Company's principal financial liabilities, comprise loans and borrowings; and 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 loans, trade and other receivables, investments and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

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 risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings.

The sensitivity analyses in the following sections relate to the position as at 31 March 2019 and 31 March 2018.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives.

The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post retirement obligations and provisions.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short-term debt obligations with floating interest rates.

Sensitivity

Year	Increase/ decrease in basis points	Effect on profit before tax Rupees
31-Mar-19	50	408,498
	(50)	(408,498)
31-Mar-18	50	379,974
	(50)	(379,974)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Company's exposure to the foreign currency risk is minimum; due to the fact that; the companies does not have material export market or does not have any foreign currency borrowings. Accordingly, no sensitivity analysis have been performed by the management.

Commodity risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing manufacture of parts of diesel engine, break parts and parts of measuring instruments and therefore require a continuous supply majorly of steel bars.

The Company's exposure to the risk of exchange in key raw material prices are mitigated by the fact that the price increases/decreases from the vendors are passed on to the customers based on understanding with the customers. Also the the prices of major vendors are decided and finalised by customers and communicated to the Company. Hence the fluctuation of prices of key raw materials do not materially affect the statement of profit and loss. Accordingly, no sensitivity analysis have been performed by the management.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations 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 and financial institutions and other financial instruments.

Trade receivables

Customer credit risk is managed 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. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 7. 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.

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. The investment of surplus funds is made in fixed deposits which are approved by the Director.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2019 and 31 March 2018 is the carrying amounts as illustrated in note 8.

MEMCO ENGINEERING PVT LTD**Notes to the financial statements for the year ended March 31, 2019***(All amounts in rupees unless otherwise stated)***Liquidity risk**

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

Approximately 33% of the Company's debt will mature in less than one year at 31 March 2019 (31 March 2018: 29%) based on the carrying value of borrowings reflected in the financial statements. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

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

Particulars	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year Ended 31 March 2019						
Borrowings	26,887,256	3,332,939	8,315,933	75,132,561	3,091,408	116,760,097
Other financial liabilities	-	17,101,576	-	-	-	17,101,576
Trade payables	-	20,567,083	-	-	-	20,567,083
	<u>26,887,256</u>	<u>41,001,598</u>	<u>8,315,933</u>	<u>75,132,561</u>	<u>3,091,408</u>	<u>154,428,756</u>
Year Ended 31 March 2018						
Borrowings	9,448,332	6,411,852	10,167,070	54,885,320	10,367,476	91,280,050
Other financial liabilities	-	14,217,973	-	-	-	14,217,973
Trade payables	917,651	13,980,168	21,757,561	-	-	36,655,380
	<u>10,365,983</u>	<u>34,609,993</u>	<u>31,924,631</u>	<u>54,885,320</u>	<u>10,367,476</u>	<u>142,153,403</u>

Note 38: Previous year Comparatives:

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

The accompanying notes are an integral part of the financial statements

For K R D K & ASSOCIATES

Chartered Accountants

ICAI Firm Registration Number: 018215S



per Shrinivas G. Deshpande
Partner
Membership Number: 234875

Place: Pune
Date: May 21, 2019

**For and on behalf of the Board of Directors of
Memco Engineering Private Limited**


Mr. Yatin Shah Mr. R. R. Joshi Mr. Shreyas Mokashi
Director Director Company Secretary
DIN. 00318140 DIN. 03338134 M. No.: 38258

Place: Solapur Place: Solapur Place: Solapur
Date: May 21, 2019 Date: May 21, 2019 Date: May 21, 2019