

**INDEPENDENT AUDITOR'S REPORT**

To the Members of **Memco Engineering Private Limited**

**Report on the Audit of the Ind AS Financial Statements**

**Opinion**

We have audited the accompanying Ind AS financial statements of Memco Engineering Private Limited ("the Company"), which comprise the Balance sheet as at 31 March 2021, 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 Ind AS 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 31 March 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

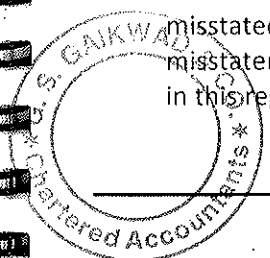
We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' 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 Board report but does not include the Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### **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.

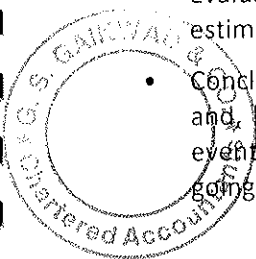
Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **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 with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw



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

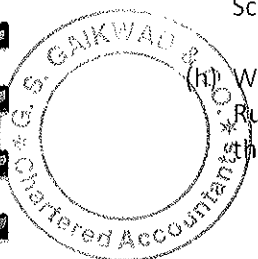
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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, 2021 has been paid by the Company to its directors in accordance with the provisions of section 197 read with Schedule V of the Act;
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

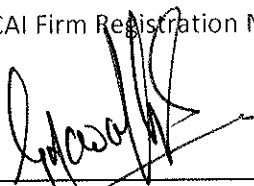


- i. The Company does not have any pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For G S Gaikwad & Co.

Chartered Accountants

ICAI Firm Registration Number: 147093W



per Ganesh Gaikwad  
Partner

Membership Number: 136512

UDIN: 21136512AAAABJ7395

Place of Signature: Pune

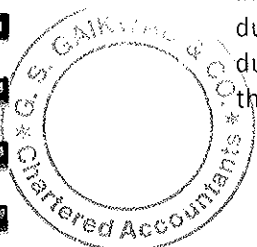
Date: 20 May 2021



**Annexure 1 referred to in paragraph 1 of our report of even date under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date**

Re: Memco Engineering Private Limited (the "Company")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (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.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2021 and no material discrepancies were noticed in respect of such confirmations.
- (iii) (a) 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 Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to it.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



- (c) 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 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 a bank and financial institution. The Company did not have any outstanding loans or borrowing dues to government or debenture holders during the year.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilised term loan for the purposes for which they were raised. According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of sec 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.



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*G S Gaikwad & Co.*

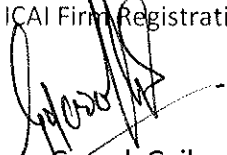
Chartered Accountants

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

For **G S Gaikwad & Co.**

Chartered Accountants

ICAI Firm Registration Number: 147093W



per **Ganesh Gaikwad**

Partner

Membership Number: 136512

UDIN: 21136512AAAABJ7395

Place of Signature: Pune

Date: 20 May 2021



**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MEMCO ENGINEERING PRIVATE LIMITED**

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

We have audited the internal financial controls over financial reporting of Memco Engineering Private Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditor's Responsibility**

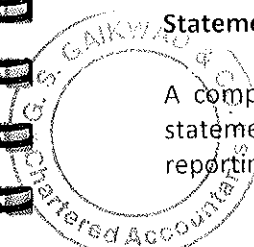
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting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

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

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

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

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with





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

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

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


**Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **G S Gaikwad & Co.**

Chartered Accountants

ICAI Firm Registration Number: 147093W



per **Ganesh Gaikwad**

Partner

Membership Number: 136512

UDIN: 21136512AAAABJ7395

Place of Signature: Pune

Date: 20 May 2021



**MEMCO ENGINEERING PVT LTD**  
**Balance sheet as at March 31, 2021**  
*(All amounts in rupees unless otherwise stated)*

Particulars	Notes	As at March 31, 2021 Rupees	As at March 31, 2020 Rupees
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment	11.1 3	10,67,68,746	13,41,87,800
(b) Capital work-in-progress	11.3 3	-	1,60,18,500
(c) Intangible assets	3a	18,03,996	7,58,050
(d) Financial assets			
(i) Investments	4A	6,15,905	6,15,905
(ii) Loans and Advances	4B	27,13,574	24,03,574
(iii) Other financial assets	4C	-	-
(e) Deferred tax assets (net)	25	1,69,56,425	1,37,05,988
(f) Other non-current assets	5	17,56,610	12,32,436
<b>Total non-current assets</b>		<b>13,06,15,256</b>	<b>16,89,22,253</b>
<b>II. Current assets</b>			
(a) Inventories	6	6,55,44,826	5,70,08,255
(b) Financial assets			
(i) Investments	4A	6,41,64,987	4,09,38,163
(ii) Trade receivables	7	10,76,12,615	6,70,71,041
(iii) Cash and cash equivalents	8	75,65,081	1,93,14,555
(iv) Bank balances other than (iii) above	8	22,99,375	21,95,919
(v) Loans and Advances	4B	60,000	2,60,000
(vi) Others financial assets	4C	1,91,739	6,74,443
(c) Other current assets	5	12,30,789	26,38,096
<b>Total current assets</b>		<b>24,86,69,413</b>	<b>19,01,00,472</b>
<b>Total Assets</b>		<b>37,92,84,669</b>	<b>35,90,22,725</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Share capital			
(i) Equity Shares	9	7,20,00,000	3,00,00,000
	A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
(b) Other equity			
(i) Retained earnings	10	14,18,99,653	12,68,67,130
(ii) Preference Shares		-	3,70,68,579
(iii) Equity component of redeemable preference shares	9	-	70,74,002
<b>Total Equity attributable to equity share holders of the Company</b>		<b>21,38,99,653</b>	<b>20,10,09,710</b>
<b>Liabilities</b>			
<b>I. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	11	3,13,21,752	5,25,18,576
(ii) Other financial liabilities	12	83,16,233	1,06,18,909
(b) Provisions	15	2,44,49,403	2,61,42,013
<b>Total non-current liabilities</b>		<b>6,40,87,388</b>	<b>8,92,79,497</b>
<b>II. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	11	-	-
(ii) Trade payables			
(a) total outstanding dues of micro and small enterprises	13	67,82,772	83,48,997
(b) total outstanding dues other than (ii)(a) above	13	4,20,73,084	2,27,29,920
(iii) Other financial liabilities	12	3,97,58,872	3,39,14,990
(b) Other current liabilities	14	69,07,254	20,91,533
(c) Current tax liabilities	25	46,84,338	-
(d) Provisions	15	10,91,308	16,48,078
<b>Total current liabilities</b>		<b>10,12,97,628</b>	<b>6,87,33,517</b>
<b>Total liabilities</b>		<b>16,53,85,016</b>	<b>15,80,13,015</b>
<b>Total Equity and Liabilities</b>		<b>37,92,84,669</b>	<b>35,90,22,725</b>

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements

For G S Gaikwad & Co.  
Chartered Accountants  
ICAI Firm Registration Number: 147093W

per Ganesha Gaikwad  
Partner  
Membership Number: 136512

Place: Pune  
Date: 20.05.2021



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

Mr. Yatin Shah  
Director  
DIN. 00318140

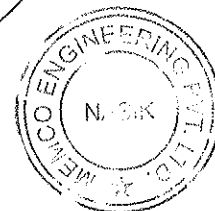
Place: Solapur  
Date: 20.05.2021

Mr. Karan Shah  
Director  
DIN. 07985441

Place: Solapur  
Date: 20.05.2021

Abhishek Phadke  
Company Secretary  
M. No.: 60856

Place: Pune  
Date: 20.05.2021



**MEMCO ENGINEERING PVT LTD**  
**Statement of Profit and Loss for the year ended March 31, 2021**  
*(All amounts in rupees unless otherwise stated)*

Particulars	Notes	Year ended March 31, 2021 Rupees	Year ended March 31, 2020 Rupees
<b>Income</b>			
Revenue from operations	17	36,34,28,823	40,70,57,146
Other income	18	43,40,816	12,78,217
<b>Total Revenue (I)</b>		<b>36,77,69,639</b>	<b>40,83,35,364</b>
<b>Expenses</b>			
Cost of raw materials and components consumed	18	10,45,03,918	12,55,81,967
(Increase) / decrease in inventories of finished goods and work-in-progress	19	(1,93,631)	18,07,997
Employee benefits expense	20	10,54,86,007	11,48,30,138
Other expenses	21	9,20,65,371	9,34,23,909
<b>Total expenses (II)</b>		<b>30,18,61,665</b>	<b>33,56,44,011</b>
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)</b>		<b>6,59,07,974</b>	<b>7,26,91,353</b>
Finance costs	22	68,63,916	1,21,05,618
Finance income	23	(1,79,606)	(12,39,171)
Depreciation and amortisation expense	24	4,22,01,707	3,69,85,488
<b>Profit before tax</b>		<b>1,70,21,956</b>	<b>2,48,39,418</b>
<b>Tax expense</b>			
Current tax	25	93,19,131	99,22,776
Adjustment of current tax relating to earlier years	25	-	17,22,679
Deferred tax credit	25	(37,37,899)	(28,01,479)
<b>Total tax expenses</b>		<b>55,81,232</b>	<b>88,43,976</b>
<b>Profit for the year [A]</b>		<b>1,14,40,724</b>	<b>1,59,95,442</b>
<b>Other comprehensive income</b>			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit plans	26	19,36,681	(26,76,236)
Income tax effect		(4,87,463)	6,73,609
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>14,49,218</b>	<b>(20,02,627)</b>
<b>Total other comprehensive income for the year, net of tax [B]</b>		<b>14,49,218</b>	<b>(20,02,627)</b>
<b>Total comprehensive income for the year, net of tax [A]+[B]</b>		<b>1,28,89,943</b>	<b>1,39,92,814</b>
<b>Profit for the year attributable to equity share holders of the Company</b>		<b>1,14,40,724</b>	<b>1,59,95,442</b>
<b>Total Comprehensive Income for the year attributable to equity share holders of the Company</b>		<b>1,28,89,943</b>	<b>1,39,92,814</b>
<b>Earning per share [nominal value per share Rs.100 (March 31, 2020: Rs.100)]</b>			
Basic, computed on the basis of profit attributable to equity share holders of the Company	27	15.89	53.32
Diluted, computed on the basis of profit attributable to equity share holders of the Company		15.89	28.16
Summary of significant accounting policies	2		

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

For G S Gaikwad & Co.  
Chartered Accountants  
ICAI Firm Registration Number: 147093W

per Ganesh Gaikwad  
Partner  
Membership Number: 136512

Place: Pune  
Date: 20.05.2021



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

Mr. Yatin Shah  
Director  
DIN. 00318140

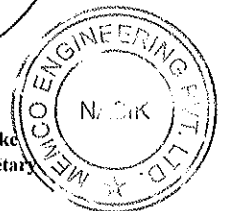
Place: Solapur  
Date: 20.05.2021

Mr. Karan Shah  
Director  
DIN. 07985441

Place: Solapur  
Date: 20.05.2021

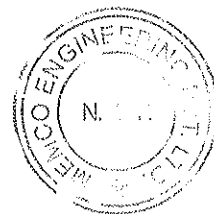
Abhishek Phadke  
Company Secretary  
M. No.: 60856

Place: Pune  
Date: 20.05.2021



**MEMCO ENGINEERING PRIVATE LIMITED**  
**Statement of Cash Flows for the year ended March 31, 2021**  
*(All amounts in rupees unless otherwise stated)*

Particulars	Notes	March 31, 2021 In Rs.	March 31, 2020 In Rs.
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		1,70,21,956	2,48,39,418
<b>Adjustments to reconcile profit before tax to net cash flows:</b>			
Depreciation and amortisation of property, plant and equipment	24	4,22,01,707	3,69,85,488
Non operative bank account written off		-	-
Bad debts and advances written off		6,97,532	5,55,620
Loss/ (Gain) on disposal of property, plant and equipment	22/18	-	(3,40,054)
Finance and other income	24	(1,79,606)	(12,39,171)
Finance costs	23	68,63,916	1,21,05,618
		<b>6,66,05,506</b>	<b>7,29,06,919</b>
<b>Working capital adjustments:</b>			
Increase in provisions, gratuity and other provisions	15	(3,12,699)	21,01,185
(Increase) / decrease in other assets	5	13,65,837	55,91,087
Increase in long term loans and advances	4B	(3,10,000)	(8,01,700)
Decrease in short term loans and advances	4B	2,00,000	(2,00,000)
Increase in other current liabilities	14	48,15,722	(1,00,95,573)
Increase in other financial Liabilities	12	55,87,939	(4,51,449)
(Increase) / decrease in trade and other receivables and prepayments	7	(4,12,39,106)	43,69,324
Increase in inventories	6	(85,36,571)	1,59,08,290
Increase/ (decrease) in Current tax liabilities		46,84,338	-
Increase/ (decrease) in trade payables	13	1,77,76,939	1,05,11,835
		<b>(1,59,67,602)</b>	<b>2,69,32,998</b>
Income taxes paid (net of refunds)	26	(93,19,131)	(1,03,13,205)
Interest paid			
<b>Net cash flows generated from operating activities</b>		<b>4,13,18,773</b>	
<b>Cash flows from investing activities</b>			<b>8,95,26,712</b>
Proceeds from sale of property, plant and equipment	3	-	19,30,000
Purchase of property, plant and equipment	3	1,89,900	(2,96,57,230)
Investment in Mutual funds	8	(2,32,26,824)	(4,09,38,163)
Proceeds of bank deposits	-	(1,03,456)	1,99,44,161
Interest received (finance income)	24	1,79,606	7,23,050
Dividend received	24	-	-
<b>Net cash flows used in investing activities</b>		<b>(2,29,60,774)</b>	<b>(4,79,98,183)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(58,99,276.59)	(73,45,401.00)
Proceeds from preference shares			
Rent payment for leased asset		(29,41,515)	-
Proceeds from long-term borrowings		-	2,39,71,843
Repayment of borrowings		(2,12,66,682)	(3,90,24,134)
Preference shares dividend paid		-	(18,81,830)
Tax on preference shares dividend paid		-	(3,69,554)
<b>Net cash flows generated from financing activities</b>		<b>(3,01,07,473)</b>	<b>(2,46,49,076)</b>
Net increase / (decrease) in cash and cash equivalents		(1,17,49,474)	1,68,79,453
Non operative bank account written off		-	-
Cash and cash equivalents at the beginning of the year		1,93,14,555	24,35,102
<b>Cash and cash equivalents as at year end</b>		<b>75,65,081</b>	<b>1,93,14,555</b>



**MEMCO ENGINEERING PRIVATE LIMITED**  
**Statement of Cash Flows for the year ended March 31, 2021**  
*(All amounts in rupees unless otherwise stated)*

Particulars	Notes	March 31, 2021 In Rs.	March 31, 2020 In Rs.
<b>Components of cash and cash equivalents:</b>	8		
Balances with banks:			
On current accounts		75,06,768	1,42,74,565
Deposit with original maturity of less than 3 months		-	50,00,000
Cash in hand		58,313	39,990
<b>Cash and cash equivalents at year end</b>		<b>75,65,081</b>	<b>1,93,14,555</b>

Summary of significant accounting policies

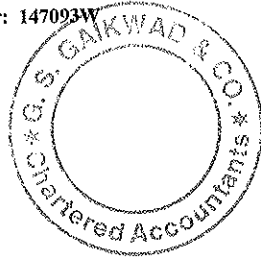
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The accompanying notes are an integral part of the financial statements.

For G S Gaikwad & Co.  
Chartered Accountants  
ICAI Firm Registration Number: 147093W

per Ganesh Gaikwad  
Partner  
Membership Number: 136512

Place: Pune  
Date: 20.05.2021



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

Mr. Yatin Shah  
Director  
DIN. 00318140

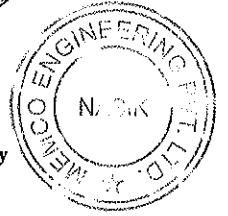
Place: Solapur  
Date: 20.05.2021

Mr. Karan Shah  
Director  
DIN. 07985441

Place: Solapur  
Date: 20.05.2021

Abhishek Phadke  
Company Secretary  
M. No.: 60856

Place: Pune  
Date: 20.05.2021



**MEMCO ENGINEERING PVT LTD**  
**Statement of changes in equity for the year ended March 31, 2021**  
*(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.
As At 31 March 2019	3,00,000	3,00,00,000
Issued during the year	-	-
At 31 March 2020	3,00,000	3,00,00,000
Conversion of Compulsorily Convertible Preference Shares to Equity Shares	4,20,000	4,20,00,000
At 31 March 2021	7,20,000	7,20,00,000

**B. Other Equity**

Particulars	Equity Component of Cumulative Non Convertible Redeemable Preference Shares	Compulsorily Convertible Preference Shares	Reserves and Surplus Retained Earnings	Total equity
	Note 09		Note 10	
As at March 31, 2019	70,74,002	-	11,28,74,316	11,99,48,318
Profit for the year	-	-	1,59,95,442	1,59,95,442
Reclassification of liability component on change in terms of preference shares from Cumulative Non Convertible Redeemable Preference Shares to Compulsorily Convertible Preference Shares	-	3,70,68,579	-	3,70,68,579
Other comprehensive income for the year, net of tax	(70,74,002)	70,74,002	(20,02,627)	(20,02,627)
Transferred to Compulsorily Convertible Preference Shares	(70,74,002)	4,41,42,581	1,39,92,814	5,10,61,393
Total Comprehensive income for the year	-	4,41,42,581	12,68,67,130	17,10,09,711
As at March 31, 2020	-	4,41,42,581	1,28,89,943	1,28,89,943
Profit for the year	-	-	21,42,581	21,42,581
Reclassification of liability component on change in terms of preference shares from Cumulative Non Convertible Redeemable Preference Shares to Compulsorily Convertible Preference Shares	-	(4,41,42,581)	-	(4,41,42,581)
Conversion of Compulsorily Convertible Preference Shares to Equity Shares	-	-	-	-
Other comprehensive income for the year, net of tax	-	-	-	-
Transferred to Compulsorily Convertible Preference Shares	-	(4,41,42,581)	1,50,32,523	(2,91,10,057)
Total Comprehensive income for the year	-	-	14,18,99,653	14,18,99,653
As at March 31, 2021	-	-	14,18,99,653	14,18,99,653

Summary of significant accounting policies

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

For G S Gaikwad & Co.  
 Chartered Accountants  
 ICAI Firm Registration Number: 147093W

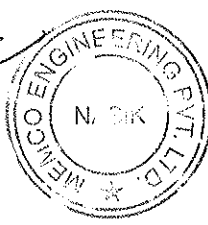
*(Signature)*  
 per Ganesh Gaikwad  
 Partner  
 Membership Number: 136512



Place: Pune  
 Date: 20.05.2021

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

*(Signatures)*  
 Mr. Yatin Shah Director  
 DIN. 00318140  
 Mr. Swarn Shah Director  
 DIN. 07985441  
 Abhishek Phadke  
 Company Secretary  
 M. No.: 60856



Place: Solapur Date: 20.05.2021  
 Place: Solapur Date: 20.05.2021  
 Place: Pune Date: 20.05.2021

**MEMCO ENGINEERING PVT LTD**  
**Notes to the financial statements for the year ended March 31, 2021**

**Note 1. Corporate Information**

The financial statements comprise of financial statements of Memco Engineering Pvt Ltd ('the Company') for the year ended 31 March 2021. During 2017-18; Precision Camshaft Limited, a listed company has 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 2018-19; the holding company has acquired remaining 5% of 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 20, 2021.

**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.

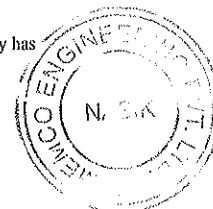
A liability is current when:

- > 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, 2021**

**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, liability component of redeemable preference shares at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an 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.

**d) Revenue recognition**

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

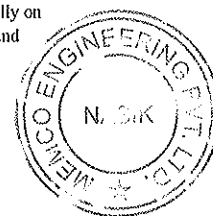
- > Identify the contracts with the customer: The contract may be oral or written.
- > Identify the performance obligation: Performance obligation is nothing but promise made by the Company to its customer for delivery of goods or services.
- > Determine the transaction price
- > Allocate the transaction 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, 2021

#### Income from services

Revenue from services is recognised as and when services are rendered. The Company collects 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.

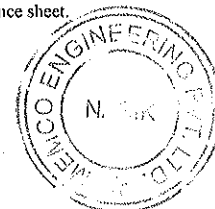
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### *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, 2021****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	7.5 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.

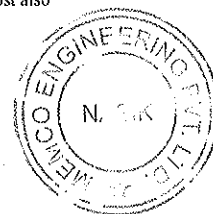
Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at 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, 2021

#### 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.

##### Company as lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### i) Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Office building – 1 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (p) Impairment of non-financial assets.

##### ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

##### iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### 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.



## MEMCO ENGINEERING PVT LTD

Notes to the financial statements for the year ended March 31, 2021

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.

### 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

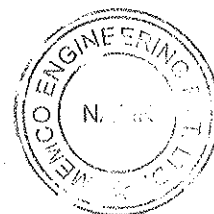
##### Initial recognition and measurement

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)



**MEMCO ENGINEERING PVT LTD**

**Notes to the financial statements for the year ended March 31, 2021**

*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.

*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 recognised 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:

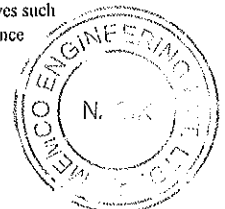
- i) Financial assets that are debt instruments, and are measured at amortised cost e.g. deposits, loans, trade receivables, bank balance and other financial assets.
- ii) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within 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.



## MEMCO ENGINEERING PVT LTD

### Notes to the financial statements for the year ended March 31, 2021

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.

#### 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 at 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.



**MEMCO ENGINEERING PVT LTD**

**Notes to the financial statements for the year ended March 31, 2021**

**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.

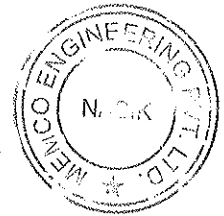
For the purpose of the financial statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**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, 2021  
(All amounts in rupees unless otherwise stated)

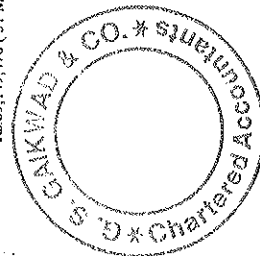
**Note 3: Property, plant and equipment**

Particulars	Leasehold land	Buildings	Plants and equipment	Office equipment	Electrical installation	Furniture and fixtures	Vehicles	Computers and printers	Right to Use	Total
At Cost										
At 1 April 2018	46,11,371	2,08,27,187	15,14,28,170	7,36,681	18,96,703	7,32,791	21,94,032	15,82,248	-	18,40,09,183
Additions	-	1,45,810	3,13,72,197	1,992	-	1,35,100	-	6,39,817	-	3,22,94,916
Disposals	-	-	(75,363)	-	-	-	-	(1,355)	-	(76,718)
At 31 March 2019	46,11,371	2,09,72,997	18,27,25,004	7,38,673	18,96,703	8,67,891	21,94,032	22,20,710	-	21,62,27,381
Additions	-	5,49,220	1,22,12,631	1,542	2,72,301	54,588	-	1,75,300	1,30,21,095	2,62,86,677
Disposals	-	-	(19,30,000)	-	-	-	-	-	-	(19,30,000)
At 31 March 2020	46,11,371	2,15,22,217	19,30,07,634	7,40,215	21,69,005	9,22,479	21,94,032	23,96,010	1,30,21,095	24,05,84,058
Additions	-	-	1,41,94,200	-	-	11,400	-	73,000	-	1,42,78,600
Disposals	-	-	-	-	-	-	-	-	-	-
At 31 March 2021	46,11,371	2,15,22,217	20,72,01,834	7,40,215	21,69,005	9,33,880	21,94,032	24,69,010	1,30,21,095	25,48,62,658

**Depreciation and impairment**

Particulars	Leasehold land	Buildings	Plants and equipment	Office equipment	Electrical installation	Furniture and fixtures	Vehicles	Computers and printers	Right to Use	Total
At 1 April 2018	-	36,89,710	3,47,97,973	4,00,113	8,16,294	2,62,105	9,40,976	7,25,930	-	4,16,33,101
Charge for the year	59,682	16,02,012	2,52,15,295	1,01,360	1,52,191	94,622	3,66,021	7,10,599	-	2,83,01,782
Disposals	-	-	(6,554)	-	-	-	-	-	-	(6,554)
At 31 March 2019	59,682	52,91,722	6,00,06,715	5,01,473	9,68,485	3,56,727	13,06,997	14,36,529	-	6,99,28,330
Charge for the year	59,682	14,90,380	3,40,40,069	52,483	1,34,371	95,813	2,50,762	4,91,251	1,93,173	3,68,07,983
Disposals	-	-	(3,40,054)	-	-	-	-	-	-	(3,40,054)
At 31 March 2020	1,19,364	67,82,102	9,37,06,730	5,53,956	11,02,856	4,52,540	15,57,759	19,27,780	1,93,173	10,63,96,259
Charge for the year	59,682	15,53,169	3,63,74,227	27,095	1,40,895	81,300	1,65,532	2,35,436	30,60,318	4,16,97,654
Disposals	-	-	-	-	-	-	-	-	-	-
At 31 March 2021	1,79,046	83,35,270	13,00,80,957	5,81,050	12,43,751	5,33,840	17,23,291	21,63,215	32,53,491	14,80,93,913
Net book value										
At 31 March 2021	44,32,325	1,31,86,947	7,71,20,877	1,59,165	9,25,253	4,00,039	4,70,741	3,05,795	97,67,604	10,67,68,746
At 31 March 2020	44,92,007	1,47,40,115	9,95,00,904	1,86,260	10,66,149	4,69,939	6,36,273	4,68,231	1,28,27,922	13,41,87,800

**Property, plant and equipment**  
The entire block of property, plant and equipment comprising of immovable assets with a carrying amount of Rs. 17,619,272 (31 March, 2020: Rs. 19,252,122) and movable assets with a carrying amount of Rs. 89,149,476 (31 March, 2020: Rs. 114,955,678) are subject to first charge to secure the Company's borrowings. (refer note 11).



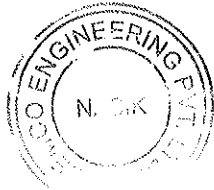


Note 3a: Intangible Assets

Particulars	Computer Software	
	Gross Block	Depreciation and impairment
At Cost		
At 31 March 2019	8,00,000	35,945
Additions	1,71,500	1,77,505
Disposals	-	-
At 31 March 2020	9,71,500	2,13,450
Additions	15,50,000	5,04,054
Disposals		
At 31 March 2021	25,21,500	7,17,504

Net book value

At 31 March 2021	18,03,996
At 31 March 2020	7,58,050
At 31 March 2019	7,64,055



**MEMCO ENGINEERING PVT LTD**

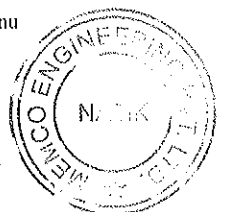
Notes to the financial statements for the year ended March 31, 2021

(All amounts in rupees unless otherwise stated)

**Note 4: Financial Assets****4A) Investments**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(i) At fair value through profit or loss (FVTPL)</b>		
<b>a) Investments in Equity Instruments</b>		
Shares of Thane Janata Bank 9259 Equity shares of Rs. 50 each fully paid-up (March 31, 2020: 9259 equity shares)	4,62,950	4,62,950
Shares of Janlaxmi Bank 5198 Equity shares of Rs. 25 each fully paid-up (March 31, 2020: 5198 equity shares)	1,29,950	1,29,950
Shares of Mahila Bank 850 Equity shares of Rs. 25 each fully paid-up (March 31, 2020: 850 equity shares)	21,305	21,305
Shares of Godavari Bank 10 Equity shares of Rs.100 each fully paid-up (March 31, 2020: 10 equity shares)	1,000	1,000
Shares of NAMCO Bank 28 Equity shares of Rs. 25 each fully paid-up (March 31, 2020: 28 equity shares)	700	700
<b>b) Investments in Mutual Funds</b>		
<b>Quoted Mutual Funds</b>		
1,368,787.58 units of HDFC Liquid Fund	1,62,14,931	1,53,37,949
756,186.01 units of ICICI Prudential Ultra Short Term Fund	1,63,08,134	1,54,00,560
10,549.75 units of Aditya Birla Sun Life Low Duration Fund	59,07,703	51,02,783
4,583.75 UTI Floater Fund	54,80,781	50,96,871
ADITYA BIRLA SUN LIF	1,00,00,000	-
UTI MONEY MARKET FUN	1,02,53,437	-
<b>Total Investments at FVTPL</b>	<b>6,47,80,892</b>	<b>4,15,54,068</b>
<b>Non-current</b>	<b>6,15,905</b>	<b>6,15,905</b>
<b>Current</b>	<b>6,41,64,987</b>	<b>4,09,38,163</b>
Aggregate book value of quoted investments	6,41,64,987	4,09,38,163
Aggregate book value of unquoted investments	6,15,905	6,15,905
<b>4B) Loans and Advances</b>		
Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits (unsecured, considered good)	27,73,574	26,63,574
<b>Total Loans</b>	<b>27,73,574</b>	<b>26,63,574</b>
<b>Non-current</b>	<b>27,13,574</b>	<b>24,03,574</b>
<b>Current</b>	<b>60,000</b>	<b>2,60,000</b>
	<b>27,73,574</b>	<b>26,63,574</b>

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



Breakup of security details

Particulars	As at March 31, 2021	As at March 31, 2020
- Loans considered good- Unsecured	27,73,574	26,63,574
<b>Total</b>	<b>27,73,574</b>	<b>26,63,574</b>
Loss allowance	-	-
<b>Total Loans</b>	<b>27,73,574</b>	<b>26,63,574</b>

4C) Other Financial Assets

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Bank deposits with remaining maturity for more than 12 months	-	-
(b) Interest accrued on Fixed deposits	1,66,461	6,49,165
(c) Other receivable	25,278	25,278
<b>Total Other Financial Assets</b>	<b>1,91,739</b>	<b>6,74,443</b>
Non-current	-	-
Current	1,91,739	6,74,443
	<b>1,91,739</b>	<b>6,74,443</b>

<b>Total Financial assets</b>	<b>6,77,46,205</b>	<b>4,48,92,085</b>
<b>Total Non-current</b>	<b>33,29,479</b>	<b>30,19,479</b>
<b>Total Current</b>	<b>6,44,16,726</b>	<b>4,18,72,606</b>

Break up of financial assets carried at amortised cost

	As at March 31, 2021	As at March 31, 2020
Loans and advances	27,73,574	26,63,574
Trade receivables (Note 7)	10,76,12,615	6,70,71,041
Cash and Cash equivalents (Note 8)	75,65,081	1,93,14,555
Other Bank balances (Note 8)	22,99,375	21,95,919
Other financial assets	1,91,739	6,74,443
<b>Total financial assets carried at amortised cost</b>	<b>12,04,42,384</b>	<b>9,19,19,532</b>



**MEMCO ENGINEERING PVT LTD**

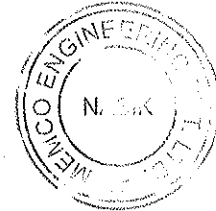
Notes to the financial statements for the year ended March 31, 2021

*(All amounts in rupees unless otherwise stated)***Note 5: Other Assets**

Particulars	As at March 31, 2021	As at March 31, 2020
Capital advances	-	1,10,000
Prepaid expenses	1,65,456	7,96,803
Advance for purchase of materials	84,062	13,31,603
Income tax deposited with tax authorities	17,56,610	-
Balances with statutory/government authorities	9,81,271	5,05,291
Advance tax (net of provision for taxation)	-	11,22,436
Advance to employees	-	4,399
<b>Total other assets</b>	<b>29,87,399</b>	<b>38,70,532</b>
Non-current	17,56,610	12,32,436
Current	12,30,789	26,38,096
	<b>29,87,399</b>	<b>38,70,532</b>

**Note 6: Inventories**

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials and components	3,38,23,434	2,76,48,174
Stores, spares and packing materials	1,84,22,061	1,62,54,380
Semi-finished goods	1,08,94,872	84,79,918
Finished goods	24,04,459	46,25,782
<b>Total inventories at the lower of cost and net realisable value</b>	<b>6,55,44,826</b>	<b>5,70,08,255</b>



**MEMCO ENGINEERING PVT LTD**

Notes to the financial statements for the year ended March 31, 2021

(All amounts in rupees unless otherwise stated)

**Note 7: Trade receivables**

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables	10,76,12,615	6,70,71,041
<b>Total</b>	<b>10,76,12,615</b>	<b>6,70,71,041</b>
<b>Break-up for security details:</b>		
- Trade receivables considered good- Unsecured	10,76,12,615	6,70,71,041
<b>Total</b>	<b>10,76,12,615</b>	<b>6,70,71,041</b>
Loss allowance	-	-
<b>Total Trade receivables</b>	<b>10,76,12,615</b>	<b>6,70,71,041</b>

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 30.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

**Note 8: Cash and bank balances**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Cash and cash equivalents</b>		
Balance with Banks		
Current accounts	75,06,768	1,42,74,565
Deposits with original maturity of less than three months	-	50,00,000
Cash on hand	58,313	39,990
<b>Total cash and cash equivalents</b>	<b>75,65,081</b>	<b>1,93,14,555</b>
<b>Other bank balances</b>		
Deposits with remaining maturity for less than 12 months	22,99,375	21,95,919
<b>Total other bank balances</b>	<b>22,99,375</b>	<b>21,95,919</b>
<b>Total cash and bank balances</b>	<b>98,64,456</b>	<b>2,15,10,475</b>

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

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Cash and cash equivalents</b>		
Balance with Banks		
Current accounts	75,06,768	1,42,74,565
Deposits with original maturity of less than three months	-	50,00,000
Cash on hand	58,313	39,990
<b>Total cash and cash equivalents</b>	<b>75,65,081</b>	<b>1,93,14,555</b>



Note 9: Share Capital

A) Authorised Share Capital

	Equity Shares	
	Number	In Rs.
At 31 March 2019	3,00,000	3,00,00,000
Increase (decrease) during the year	-	-
At 31 March 2020	3,00,000	3,00,00,000
Increase (decrease) during the year	5,00,000	5,00,00,000
At 31 March 2021	8,00,000	8,00,00,000

	Preference shares	
	Number	In Rs.
At 31 March 2019	5,00,000	5,00,00,000
Increase (decrease) during the year	-	-
At 31 March 2020	5,00,000	5,00,00,000
Increase (decrease) during the year	-5,00,000	-5,00,00,000
At 31 March 2021	-	-

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 2019: 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.

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.

Terms/rights attached to Preference Shares

Each preference share has a par value of INR 100 and is compulsorily convertible into Equity shares of the parent of the Group on the basis of one equity share for every one preference shares held. The preference shares carry a dividend of 6% per annum. The preference shares rank ahead of the equity shares in the event of a liquidation.

D) Issued equity capital

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

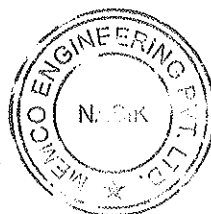
	Number	In Rs.
At 31 March 2019	3,00,000	3,00,00,000
Issued during the year	-	-
At 31 March 2020	3,00,000	3,00,00,000
Issued during the year	4,20,000	4,20,00,000
At 31 March 2021	7,20,000	7,20,00,000

6% Cumulative Non-Convertible Redeemable Preference shares of Rs. 100 each issued, subscribed and fully paid

	Number	In Rs.
At 31 March 2019	4,20,000	4,20,00,000
Converted into 6% Compulsorily Convertible Preference Shares of Rs.100 each	4,20,000	4,20,00,000
At 31 March 2020	-	-
Converted into 6% Compulsorily Convertible Preference Shares of Rs.100 each	-	-
At 31 March 2021	-	-

6% Compulsorily Convertible Preference shares of Rs. 100 each issued, subscribed and fully paid

	Number	In Rs.
At 31 March 2019	-	-
Issued during the year	4,20,000	4,20,00,000
At 31 March 2020	4,20,000	4,20,00,000
Issued during the year	4,20,000	4,20,00,000
At 31 March 2021	8,40,000	8,40,00,000



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 2021		31 March 2020	
	No of shares	Amount	No of shares	Amount
Equity shares of Rs. 100 each fully paid Precision Camshells Limited	7,20,000	7,20,000,000	3,00,000	3,00,000,000
6% Cumulative Non Convertible Redeemable Preference shares of Rs. 100 each Precision Camshells Limited	-	-	-	-
6% Compulsorily Convertible Preference shares of Rs. 100 each Precision Camshells Limited	-	-	4,20,000,000	4,20,000,000

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

	31 March 2021		31 March 2019	
	No of shares	% holding in the class	No of shares	% holding in the class
Equity shares of Rs. 100 each fully paid Precision Camshells Limited	7,20,000	100.00%	3,00,000	100.00%
6% Cumulative Non Convertible Redeemable Preference shares of Rs. 100 each Precision Camshells Limited	-	-	-	-
6% Compulsorily Convertible Preference shares of Rs. 100 each Precision Camshells Limited	-	-	4,20,000	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

Note 10: Other Equity

A 6% 420,000 Compulsorily Convertible Preference shares of Rs. 100 each

Amount	
At 31 March 2019	-
Add: Conversion of 6% Cumulative Non Convertible Redeemable Preference Shares to 6% Compulsorily Convertible Preference Shares	3,70,68,579
At 31 March 2020	3,70,68,579
Add: Conversion of 6% Cumulative Non Convertible Redeemable Preference Shares to 6% Compulsorily Convertible Preference Shares	-
Converted into Equity Shares	-3,70,68,579
At 31 March 2021	-

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

Amount	
At 31 March 2019	70,74,002
Increase (decrease) during the year	-
At 31 March 2020	70,74,002
Increase (decrease) during the year	70,74,002
At 31 March 2021	-

The company had issued 420,000 6% cumulative non convertible preference shares with face value of Rs 100 per RPS for a total consideration of Rs 4.2 crore to Precision Camshells Limited. The redeemable preference shares were to be redeemed fully on ..... RPS carried voting rights as per provision of section 47(2) of the Companies Act, 2013. Since the dividend rate for the RPS is below market rate, an amount of Rs. 70.74 lacs has been reclassified to equity as a contribution from parent.

During the current year, the share holders of the Company have approved conversion of 6% 420,000 non-convertible redeemable preference shares (RPS) into 6% 420,000 compulsorily convertible preference shares (CCPS).

C Retained earnings

Amount in Rupees	
At 31 March 2019	11,28,74,316
Add: Profit for the year	1,59,95,442
Add: Other comprehensive income for the year	(20,02,627)
At 31 March 2020	12,68,67,130
Add: Profit for the year	1,14,40,724
Add: Other comprehensive income for the year	14,49,218
Add: Conversion of Preference Shares into Equity Shares	21,42,581
At 31 March 2021	14,18,99,653



**MEMCO ENGINEERING PVT LTD**

Notes to the financial statements for the year ended March 31, 2021

(All amounts in rupees unless otherwise stated)

**Note 11: Financial Liabilities**

**a) Borrowings**

Particulars	Rate of interest	Maturity	As at March 31, 2021	As at March 31, 2020
<b>Borrowings</b>				
<b>Non Current borrowings</b>				
<b>Term Loan</b>				
<b>Bank II</b>				
Term loan 2- 003	9.75%	Dec-22	6,56,219	14,52,804
Term loan 3- 004	9.75%	Jun-22	16,57,084	79,19,392
Term loan 4- 005	9.75%	Sep-24	1,01,75,511	1,40,83,410
Term loan 5- 006	9.75%	Sep-24	11,78,187	15,66,832
Term loan 6- 007	9.75%	Sep-24	20,83,848	27,69,900
Term loan 7- 008	9.75%	May-22	2,93,267	23,65,738
Citi Bank Loan A/C - Loan Initiation-D06LCRR191920001	9.75%	May-25	1,52,77,636	2,23,60,501
<b>Liability component of compound financial instrument</b>				
Cumulative Non Convertible Redeemable Preference Shares (unsecured)	10.50%	2018-2023	-	-
<b>Total Non Current borrowings</b>			<b>3,13,21,752</b>	<b>5,25,18,576</b>
<b>Current maturity of long term loans</b>				
<b>Bank I</b>				
Loan for car (secured)	9.57%		-	-
<b>Bank II</b>				
Term loan 2- 003	9.75%	Dec-22	7,96,585	7,12,532
Term loan 3- 004	9.75%	Jun-22	62,62,308	56,02,350
Term loan 4- 005	9.75%	Sep-24	38,92,802	31,17,548
Term loan 5- 006	9.75%	Sep-24	3,85,750	3,43,651
Term loan 6- 007	9.75%	Sep-24	6,82,878	6,09,177
Term loan 7- 008	9.75%	May-22	20,72,471	18,54,109
Citi Bank Loan A/C - Loan Initiation-D06LCRR191920001	9.75%	May-25	46,99,053	11,23,335
<b>Loan repayable on Demand</b>				
Cash credit from banks (secured)	9.50%	On Demand	-	-
<b>Total current Borrowings</b>			<b>1,87,91,847</b>	<b>1,33,62,702</b>
Less: amount clubbed under "Other Financial liabilities"			1,87,91,847	1,33,62,702
<b>Net Current Borrowings</b>			<b>-</b>	<b>-</b>
<b>Aggregate value of secured loans</b>			<b>5,01,13,599</b>	<b>6,58,81,278</b>

**Term loan 2-003:**

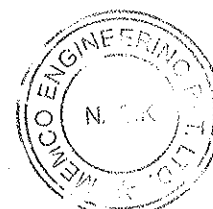
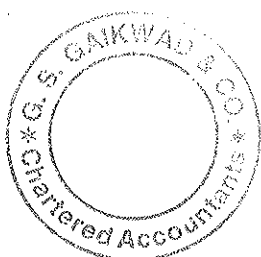
Term loan 3 of Bank I has been taken over by Bank II ,

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 3-004:**

Term loan 4 of Bank I has been taken over by Bank II ,

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.





**MEMCO ENGINEERING PVT LTD**

**Notes to the financial statements for the year ended March 31, 2021**

(All amounts in rupees unless otherwise stated)

**Term loan 4-005:**

**Term loan 7 of Bank I has been taken over by Bank II ,**

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 5-006:**

**Term loan 6 of Bank I has been taken over by Bank II ,**

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 6-007:**

**Term loan 8 of Bank I has been taken over by Bank II ,**

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

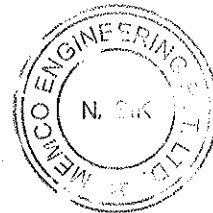
**Term loan 7-008:**

**Term loan 5 of Bank I has been taken over by Bank II ,**

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

**Citi Bank Loan A/C - Loan Initiation-D06LCRR191920001**

Term loan from citi bank carries interest at the rate of 9.75% p.a. The tenure of the loan is 70 Months. The loan is repayable in 20 quarterly instalments commencing from September 2020. 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, 2021

(All amounts in rupees unless otherwise stated)

**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. 50 Million.

The carrying amounts of property, plant and equipment pledged as security for non-current borrowings are disclosed in note 3. And carrying amount of inventories and trade receivables are pledged as security for short term borrowings.

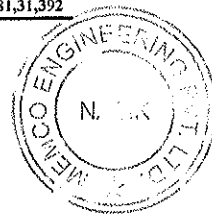
Term loan and loans repayable on demand from banks contain certain covenants relating to debt service coverage ratio, total debt gearing ratio. All the ratios mentioned above are within the level stipulated by the banks in its prescribed sanctions.

**Note 12: Other financial liabilities**

Particulars	As at March 31, 2021	As at March 31, 2020
Current maturity of long term loans (refer note 11)	1,87,91,847	1,33,62,702
Interest accrued and due on borrowings	-	4,98,142
Lease liability	1,05,95,809	1,25,72,685
Employee benefit liabilities	1,84,27,850	1,40,07,053
Sundry payables for capital goods purchased	2,59,600	10,73,292
Dividend on preference shares payable	-	25,20,000
Provision for dividend distribution tax	-	5,00,025
Provision for Income Tax ( Net of Advance Tax)	-	-
<b>Total</b>	<b>4,80,75,105</b>	<b>4,45,33,898</b>
<b>Non - Current</b>	<b>83,16,233</b>	<b>1,06,18,909</b>
<b>Current</b>	<b>3,97,58,872</b>	<b>3,39,14,990</b>
	<b>4,80,75,105</b>	<b>4,45,33,898</b>

**Break up of financial liabilities carried at amortised cost**

Particulars	As at March 31, 2021	As at March 31, 2020
Borrowings (non-current) (note 11)	3,13,21,752	5,25,18,576
Borrowings (current) (note 11)	-	-
Current maturity of long term loans (note 12)	1,87,91,847	1,33,62,702
Trade payables (note 13)	4,88,55,857	3,10,78,917
Other financial liabilities (note 12)	2,92,83,258	3,11,71,197
<b>Total</b>	<b>12,82,52,714</b>	<b>12,81,31,392</b>



**MEMCO ENGINEERING PVT LTD**

Notes to the financial statements for the year ended March 31, 2021  
(All amounts in rupees unless otherwise stated)

**Note 13: Trade payables**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Trade payables</b>		
- Total outstanding dues of micro enterprises and small enterprises	67,82,772	83,48,997
- Total outstanding dues of creditors other than micro enterprises and small enterprises	4,20,73,084	2,27,29,920
<b>Total trade payables</b>	<b>4,88,55,857</b>	<b>3,10,78,917</b>
<b>Non-current</b>		
Current	4,88,55,857	3,10,78,917
	<b>4,88,55,857</b>	<b>3,10,78,917</b>

**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 30  
For explanations on the Company's credit risk management processes, refer note 37

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

Particulars	As at March 31, 2021	As at March 31, 2020
(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	67,82,772	83,48,997
Interest due on above	-	6,150
(ii) The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006.		
(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	1,97,346	6,40,802
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.		
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	26,84,339	20,37,387

**Note 14: Other current liabilities**

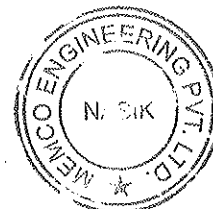
Particulars	As at March 31, 2021	As at March 31, 2020
Advances from customers	-	1,68,496
Tax deducted at source payable	4,35,546	3,00,122
Excise/ service tax and GST payable	64,71,708	16,22,915
<b>Total</b>	<b>69,07,254</b>	<b>20,91,533</b>

**Note 15: Provisions**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Employee benefits obligations:</b>		
Gratuity	1,93,16,237	2,12,43,600
Compensated absences	62,24,474	65,47,991
<b>Total</b>	<b>2,55,40,711</b>	<b>2,77,90,091</b>
<b>Non-current</b>		
Current	2,44,49,403	2,61,42,013
	10,91,308	16,48,078
	<b>2,55,40,711</b>	<b>2,77,90,091</b>

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

Also refer note 28 for detailed disclosure of gratuity



**MEMCO ENGINEERING PVT LTD****Notes to the financial statements for the year ended March 31, 2021***(All amounts in rupees unless otherwise stated)***Note 16: Revenue from operations**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Sale of products	31,07,52,010	36,54,09,904
Sale of services	3,93,65,987	2,74,06,712
<b>Total sale of products and services</b>	<b>35,01,17,997</b>	<b>39,28,16,616</b>
<b>Other operating income</b>		
Scrap sales	1,33,10,825	1,42,40,531
Packing and forwarding charges	-	-
<b>Total other operating income</b>	<b>1,33,10,825</b>	<b>1,42,40,531</b>
	<b>36,34,28,823</b>	<b>40,70,57,146</b>

**Note 17: Other Income**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit on sale of fixed assets	-	3,40,054
Fair value gain on mutual funds at fair value through profit or loss	32,26,824	9,38,163
Other Income	11,13,993	0.00
Trade Payable no longer required written back	-	-
	<b>43,40,816</b>	<b>12,78,217</b>

**Note 18: Cost of raw materials and components consumed**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Inventory at the beginning of the year	2,76,48,174.4	4,31,18,690
Add: purchases	11,06,79,177.2	11,01,11,451
	<b>13,83,27,351.7</b>	<b>15,32,30,141</b>
Less: inventory at the end of the year	3,38,23,433.9	2,76,48,174
<b>Cost of raw materials and components consumed</b>	<b>10,45,03,917.7</b>	<b>12,55,81,967</b>

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Opening stock:</b>		
Finished goods	46,25,782	83,13,008
Semi-finished goods	84,79,918	66,00,689
	<b>1,31,05,700</b>	<b>1,49,13,697</b>
<b>Closing stock:</b>		
Finished goods	1,08,94,872	46,25,782
Semi-finished goods	24,04,459	84,79,918
	<b>1,32,99,331</b>	<b>1,31,05,700</b>
<b>(Increase)/decrease in inventories of finished goods and work in progress</b>	<b>(1,93,631)</b>	<b>18,07,997</b>



**MEMCO ENGINEERING PVT LTD**

Notes to the financial statements for the year ended March 31, 2021

(All amounts in rupees unless otherwise stated)

**Note 20: Employee benefit expense**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages, bonus and commission	9,65,37,434	10,38,44,658
Contribution to provident fund and other funds	45,27,811	60,74,930
Gratuity expense (refer note 28)	32,23,544	28,29,358
Staff welfare expenses	11,97,218	20,81,192
	<b>10,54,86,007</b>	<b>11,48,30,138</b>

**Note 21: Other expenses**

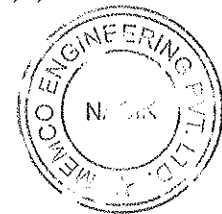
Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Consumable Stores, Spare Parts, Gauges, Oil & Lubricant	3,53,73,617	2,89,73,247
Packing Material	4,48,567	20,48,907
Rent	2,60,000	2,40,000
Power and fuel	1,75,98,866	1,99,09,856
Job work expenses	2,52,27,423	2,21,88,503
Freight outward charges	9,17,324	23,50,936
Rates and Taxes	-	2,62,140
Insurance Charges	14,32,163	25,10,468
Repairs and maintenance		
Plant and machinery	12,91,876	40,58,129
Building	-	69,906
Others	5,46,255	2,52,128
Advertisement and sales promotion	-	21,396
Travelling and conveyance	3,43,818	5,66,088
Telephone and communication expenses	2,86,943	5,42,549
Legal and professional fees	8,93,915	9,00,203
Payment to auditor (refer details below)	3,25,000	3,25,000
Exchange rate difference (net)	-	-
Bad debts and advances written off	6,97,532	5,55,620
Miscellaneous expenses	64,22,072	76,48,833
	<b>9,20,65,371</b>	<b>9,34,23,909</b>

**Payment to Auditors**

As auditor

Audit Fee

	Year ended March 31, 2021	Year ended March 31, 2020
	,3,25,000	3,25,000



**MEMCO ENGINEERING PVT LTD**

Notes to the financial statements for the year ended March 31, 2021

*(All amounts in rupees unless otherwise stated)***Note 22: Finance costs**

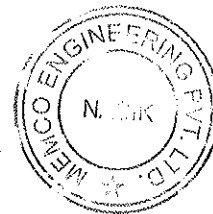
Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on borrowings	51,87,627	68,61,165
Interest on lease liability	9,64,640	2,77,889
Interest on current tax	-	-
Interest on redeemable preference shares	-	37,62,050
Dividend distribution tax	-	5,17,993
Bank charges	7,11,649	6,86,521
	<u>68,63,916</u>	<u>1,21,05,618</u>

**Note 23: Finance income**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest income on		
Bank deposits	36,562	10,18,635
Others	1,43,044	1,51,086
Dividend income on long term investment	-	69,450
	<u>1,79,606</u>	<u>12,39,171</u>

**Note 24: Depreciation and amortisation expense**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of tangible assets	4,16,97,654	3,68,07,983
Amortisation of intangible assets	5,04,054	1,77,505
	<u>4,22,01,707</u>	<u>3,69,85,488</u>



**MEMCO ENGINEERING PVT LTD**

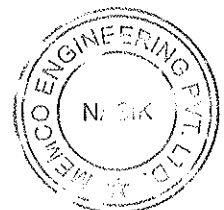
Notes to the financial statements for the year ended March 31, 2021

(All amounts in rupees unless otherwise stated)

**Note 25: Income Tax**

The major components of income tax expense for the year ended 31 March 2021 and year ended 31 March 2020 are:

	Year ended March 31, 2021	Year ended March 31, 2020
<b>Current income tax:</b>		
Current income tax charge	93,19,131	99,22,776
Adjustments in respect of current income tax of previous year	-	17,22,679
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(37,37,899)	(28,01,479)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>55,81,232</b>	<b>88,43,976</b>
	<b>Year ended March 31, 2021</b>	<b>Year ended March 31, 2020</b>
<b>OCI Section</b>		
Net loss/(gain) on remeasurements of defined benefit plans	(4,87,463)	6,73,609
<b>Income tax expense charged to OCI</b>	<b>(4,87,463)</b>	<b>6,73,609</b>
	<b>Year ended March 31, 2021</b>	<b>Year ended March 31, 2020</b>
<b>Reconciliation of closing balance of Income Tax asset:</b>		
Opening Balance- Asset/(liability)	11,22,436	2454685
Change through income statement	93,19,131	9922776
Change through others	35,12,357	8590526
<b>Closing Balance</b>	<b>(46,84,338)</b>	<b>11,22,435</b>
	<b>Year ended March 31, 2021</b>	<b>Year ended March 31, 2020</b>
<b>Reconciliation of closing balance of Deferred tax asset:</b>		
<b>Deferred tax liability</b>		
Loan processing fees and other fees	4,38,203	6,11,018
Others	10,23,007	2,29,616
<b>Gross deferred tax liability</b>	<b>14,61,210</b>	<b>8,40,634</b>
<b>Deferred tax assets</b>		
PPE: impact of difference between tax depreciation and depreciation / amortisation for the financial reporting	93,37,553	54,11,946
Employee related costs allowed for tax purposes on payment basis	77,56,470	87,19,036
Expenses allowed for tax purposes on 5 years basis	-	4,15,640
Lease Liability	45,135	45,135
VRS	12,78,476	-
<b>Gross deferred tax assets</b>	<b>1,84,17,635</b>	<b>1,45,46,622</b>
<b>Net deferred tax asset</b>	<b>(1,69,56,425)</b>	<b>(1,37,05,988)</b>
<b>Deferred tax credit for the year</b>		
Closing deferred tax asset (net)	(1,69,56,425)	(1,37,05,988)
Less: opening deferred tax asset (net)	(1,37,05,988)	(1,02,30,901)
Deferred tax movement for the year (a)	(32,50,437)	(34,75,087)
Deferred tax credit / (charge) recorded in OCI (refer note 26) (b)	(4,87,463)	6,73,609
Deferred tax (credit) / charge recorded in statement of profit and loss (a+b)	(37,37,899)	(28,01,479)



**MEMCO ENGINEERING PVT LTD**

Notes to the financial statements for the year ended March 31, 2021

(All amounts in rupees unless otherwise stated)

**Note 26: Components of Other comprehensive income (OCI)**

**During the year ended 31 March 2021**

	Retained earnings	Total
Re-measurement gains / (losses) on defined benefit plans	19,36,681	19,36,681
Income tax effect	(4,87,463)	(4,87,463)
	14,49,218	14,49,218

**During the year ended 31 March 2020**

	Retained earnings	Total
Re-measurement gains / (losses) on defined benefit plans	(26,76,236)	(26,76,236)
Income tax effect	6,73,609	6,73,609
	(20,02,627)	(20,02,627)

**During the year ended 31 March 2019**

	Retained earnings	Total
Re-measurement gains / (losses) on defined benefit plans	41,10,217	41,10,217
Income tax effect	(11,43,462)	(11,43,462)
	29,66,755	29,66,755

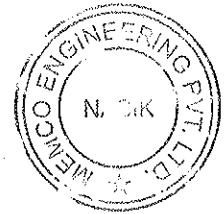
**Note 27: Earnings per share (EPS)**

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, 2021	Year ended March 31, 2020
Profit attributable to Equity shareholders of the company	1,14,40,724	1,59,95,442
Weighted average number of equity shares for calculating basic and Diluted EPS	7,20,000	3,00,000
Earnings per share (basic) (Rupees/share)	15.89	53.32
Earnings per share (diluted) (Rupees/share)	15.89	28.16





**MEMCO ENGINEERING PRIVATE LIMITED**  
Notes to the financial statements for the year ended March 31, 2021  
*(All amounts in rupees unless otherwise stated)*

**Note 28: Disclosure pursuant to Employee benefits**

**A. Defined contribution plans:**  
Amount of Rs. 4,327,811 (March 31, 2020: Rs. 6,074,930) is recognised as expense and included in Note No. 29 "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 summarises 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 2021	31 March 2020
Net benefit expense (recognised in statement of profit and loss) *		
Current service cost	17,66,274	14,33,702
Net interest cost	14,57,270	13,95,656
Past service cost	<u>32,23,544</u>	<u>28,29,358</u>

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

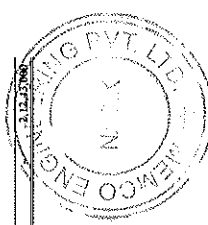
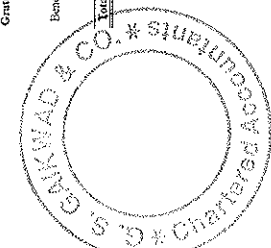
	Amount
<b>Defined benefit obligation at 31 March 2019</b>	1,79,15,994
Interest cost	13,95,656
Current service cost	14,33,702
Benefits paid	(31,78,588)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	23,77,547
Actuarial (Gains)/Losses on Obligations - Due to Experience	2,98,689
<b>Defined benefit obligation at 31 March 2020</b>	<u>2,12,43,060</u>
Interest cost	14,57,270
Current service cost	17,66,274
Benefits paid	(32,13,626)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(1,02,305)
Actuarial (Gains)/Losses on Obligations - Due to Experience	(18,34,376)
<b>Defined benefit obligation at 31 March 2021</b>	<u>1,93,16,237</u>

March 31, 2021 - Changes in defined benefit obligation and plan assets

	April 1, 2020		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)		Remeasurement gains/(losses) recognised in OCI		Sub-total included in OCI		Contributions by employer	
	2,12,43,060	17,66,274	14,57,270	32,23,544	32,23,544	(32,13,626)	(32,13,626)	(1,02,305)	(18,34,376)	(19,36,681)	(19,36,681)	(19,36,681)	(19,36,681)	(19,36,681)	1,93,16,237	
Gratuity	2,12,43,060	17,66,274	14,57,270	32,23,544	32,23,544	(32,13,626)	(32,13,626)	(1,02,305)	(18,34,376)	(19,36,681)	(19,36,681)	(19,36,681)	(19,36,681)	(19,36,681)	1,93,16,237	
Defined benefit obligation	2,12,43,060	17,66,274	14,57,270	32,23,544	32,23,544	(32,13,626)	(32,13,626)	(1,02,305)	(18,34,376)	(19,36,681)	(19,36,681)	(19,36,681)	(19,36,681)	(19,36,681)	1,93,16,237	
Four value of plan assets																
Benefit liability																
<b>Total benefit liability</b>	<b>2,12,43,060</b>	<b>17,66,274</b>	<b>14,57,270</b>	<b>32,23,544</b>	<b>32,23,544</b>	<b>(32,13,626)</b>	<b>(32,13,626)</b>	<b>(1,02,305)</b>	<b>(18,34,376)</b>	<b>(19,36,681)</b>	<b>(19,36,681)</b>	<b>(19,36,681)</b>	<b>(19,36,681)</b>	<b>(19,36,681)</b>	<b>1,93,16,237</b>	

March 31, 2020 - Changes in defined benefit obligation and plan assets

	April 1, 2019		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)		Remeasurement gains/(losses) recognised in OCI		Sub-total included in OCI		Contributions by employer	
	1,79,15,994	14,33,702	13,95,656	28,29,358	28,29,358	(21,78,588)	(21,78,588)	(21,78,588)	(21,78,588)	(21,78,588)	(21,78,588)	(21,78,588)	(21,78,588)	(21,78,588)	2,12,43,060	
Gratuity	1,79,15,994	14,33,702	13,95,656	28,29,358	28,29,358	(21,78,588)	(21,78,588)	(21,78,588)	(21,78,588)	(21,78,588)	(21,78,588)	(21,78,588)	(21,78,588)	(21,78,588)	2,12,43,060	
Defined benefit obligation	1,79,15,994	14,33,702	13,95,656	28,29,358	28,29,358	(21,78,588)	(21,78,588)	(21,78,588)	(21,78,588)	(21,78,588)	(21,78,588)	(21,78,588)	(21,78,588)	(21,78,588)	2,12,43,060	
Four value of plan assets																
Benefit liability																
<b>Total benefit liability</b>	<b>1,79,15,994</b>	<b>14,33,702</b>	<b>13,95,656</b>	<b>28,29,358</b>	<b>28,29,358</b>	<b>(21,78,588)</b>	<b>(21,78,588)</b>	<b>(21,78,588)</b>	<b>(21,78,588)</b>	<b>(21,78,588)</b>	<b>(21,78,588)</b>	<b>(21,78,588)</b>	<b>(21,78,588)</b>	<b>(21,78,588)</b>	<b>2,12,43,060</b>	



MEMCO ENGINEERING PRIVATE LIMITED  
 Notes to the financial statements for the year ended March 31, 2021  
 (All amounts in rupees unless otherwise stated)

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

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
Discount rate	6.90%		6.80%	
Future salary increase	8.00%		8.00%	
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:

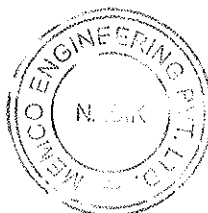
Particulars	Sensitivity level	(Increase)/ decrease in defined benefit obligation (Impact)			
		Year ended March 31, 2021		Year ended March 31, 2020	
		Rs.		Rs.	
Discount rate	1% increase	(12,17,843)		(13,28,555)	
	1% decrease	13,34,579		14,58,235	
Future salary increase	1% increase	13,13,995		14,35,153	
	1% decrease	(12,11,346)		(13,21,602)	

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

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Rs.		Rs.	
Within the next 12 months (next annual reporting period)	4,66,770		9,40,501	
Between 2 and 5 years	30,34,578		35,92,199	
Beyond 5 years	5,31,80,655		5,79,06,521	
<b>Total expected payments</b>	<b>5,66,82,003</b>		<b>6,23,39,221</b>	

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

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Years		Years	
Gratuity	15		15	



**MEMCO ENGINEERING PRIVATE LIMITED**  
**Notes to the financial statements for the year ended March 31, 2021**  
*(All amounts in rupees unless otherwise stated)*

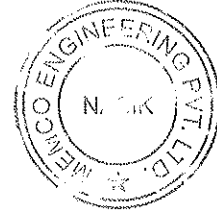
**Note 29: Commitments and contingencies**

**a. Commitments**

Estimated amount of contracts remaining to be executed on capital account and material not provided for (net of advances): At 31 March 2021, the Company had commitments of Rs.NIL (March 31, 2020 : Rs 1,632,968)

**b. Contingent liabilities**

Company has no contingent liabilities existed as on reporting date.



**MEMCO ENGINEERING PRIVATE LIMITED**

**Notes to the financial statements for the year ended March 31, 2021**

*(All amounts in rupees unless otherwise stated)*

**Note 30: 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)**

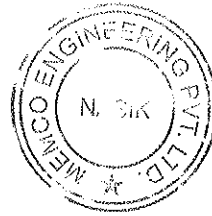
Yatin Subhash Shah, Director (since October 10, 2017)

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

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

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

Abhishek Purushottam Phadke (since February 16, 2020)



MEMCO ENGINEERING PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2021

(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 2021	31 March 2020	31 March 2021	31 March 2020
	Transactions				
1	Remuneration* (including commission)	-	-	48,15,672	64,08,921
2	Preference shares issued during the year	-	-	-	-
3	Sale of fixed asset	-	-	-	-
4	Interest on preference shares	-	37,62,050	-	-
	<b>Balances outstanding</b>				
1	Remuneration payable	-	-	5,30,900	5,28,900
2	Equity Component of preference shares	-	70,74,002	-	-
3	Liability component of preference shares	-	3,70,68,579	-	-
4	Dividend on redeemable preference shares Payable	-	25,20,000	-	-

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, 2021

(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 2021	31 March 2020
1	Remuneration* (including commission)			
	Rajendra Shripad Dharkar, Managing Director	Key management personnel (KMP)	-	-
	Vinita Rajendra Dharkar, Director	Key management personnel (KMP)	-	-
	Subhasini Yatin Shah, Director	Key management personnel (KMP)	22,50,000	30,00,000
	Karan Yatin Shah, Director	Key management personnel (KMP)	22,50,000	30,00,000
	Shreyas S. Mokashi, Company Secretary upto 15/02/2020	Key management personnel (KMP)	-	3,47,121
	Abhishek P. Phadke, Company Secretary w.e.f 16/02/2020	Key management personnel (KMP)	3,15,672	61,800
2	Preference shares issued during the year			
	Precision Camshafts Limited	Holding Company	-	-
3	Interest on preference shares			
	Precision Camshafts Limited	Holding Company	-	37,62,050

**Balances outstanding**

Sr. No.	Particulars	Relationship	31 March 2021	31 March 2020
1	Remuneration payable			
	Subhasini Yatin Shah, Director	Key management personnel (KMP)	2,50,000	2,50,000
	Karan Yatin Shah, Director	Key management personnel (KMP)	2,50,000	2,50,000
	Abhishek P. Phadke, Company Secretary w.e.f 16/02/2020	Key management personnel (KMP)	30,900	28,900
2	Equity Component of preference shares			
	Precision Camshafts Limited	Holding Company	-	70,74,002
3	Liability component of preference shares			
	Precision Camshafts Limited	Holding Company	-	3,70,68,579
4	Dividend on redeemable preference shares Payable			
	Precision Camshafts Limited	Holding Company	-	25,20,000

\* 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**

Short term employee benefits

Total compensation paid to key management personnel

31 March 2021	31 March 2020
48,15,672	64,08,921
48,15,672	64,08,921

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

**Note 31: 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, 2021

(All amounts in rupees unless otherwise stated)

**Note 32: 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 2021	31 March 2020	31 March 2021	31 March 2020
<b>Financial assets</b>				
Investments	6,47,80,892	4,15,54,068	6,47,80,892	4,15,54,068
<b>Total</b>	<b>6,47,80,892</b>	<b>4,15,54,068</b>	<b>6,47,80,892</b>	<b>4,15,54,068</b>

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 33: Fair value hierarchy**

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

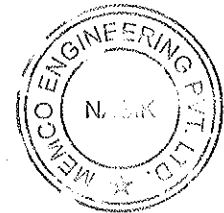
Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2021:

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)
<b>Assets measured at fair value:</b>				
Investments	31-Mar-21	6,47,80,892	6,41,64,987	6,15,905

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2020:

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)
<b>Assets measured at fair value:</b>				
Investments	31-Mar-20	4,15,54,068	4,09,38,163	6,15,905

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, 2021

(All amounts in rupees unless otherwise stated)

**Note 34: Capital Management**

For the purpose of the Company's capital management, capital includes issued equity capital, share premium 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.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 55% and 58%. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

	31 March 2021	31 March 2020
	Rupees	Rupees
Borrowings other than non convertible preference shares (note 11)	5,01,13,599	6,58,81,278
Trade payables (note 13)	4,88,55,857	3,10,78,917
Other payables (note 14)	69,07,254	20,91,533
Other financial liabilities	2,92,83,258	3,11,71,197
Less: cash and cash equivalent (note 8)	(75,65,081)	(1,93,14,555)
<b>Net debt</b>	<b>12,75,94,887</b>	<b>11,09,08,369</b>
<b>Total Equity</b>	<b>21,38,99,653</b>	<b>20,10,09,710</b>
	<b>21,38,99,653</b>	<b>20,10,09,710</b>
<b>Capital and net debt</b>	<b>34,14,94,540</b>	<b>27,86,72,103</b>
<b>Gearing ratio</b>	<b>37%</b>	<b>40%</b>

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:

**Determining the lease term of contracts with renewal and termination options – Group as lessee**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has a lease contract that include extension and termination options. The company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

**Estimates and assumptions**

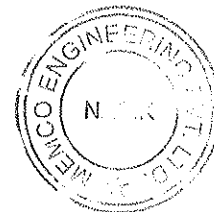
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions 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, 2021

(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 2020 and 31 March 2019.

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-21	50	2,66,032
	(50)	(2,66,032)
31-Mar-20	50	3,51,855
	(50)	(3,51,855)

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 majority 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 2020 and 31 March 2019 is the carrying amounts as illustrated in note 8.

**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 18% of the Company's debt will mature in less than one year (31 March 2019: 33%) 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.



**MEMCO ENGINEERING PVT LTD**

Notes to the financial statements for the year ended March 31, 2021

(All amounts in rupees unless otherwise stated)

Particulars	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>Year Ended 31 March 2021</b>						
Borrowings	-	46,24,829	1,44,66,962	3,27,62,918	-	5,18,54,708
Other financial liabilities	-	5,46,451	94,56,458	2,45,18,196	-	3,45,21,105
Trade payables	-	5,18,23,633	-	-	-	5,18,23,633
	-	<u>5,69,94,913</u>	<u>2,39,23,421</u>	<u>5,72,81,114</u>	-	<u>13,81,99,447</u>

Particulars	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>Year Ended 31 March 2020</b>						
Borrowings	-	37,17,694	96,45,008	8,83,76,463	12,10,691	10,29,49,856
Other financial liabilities	-	30,744	2,05,21,544	1,06,18,909	-	3,11,71,197
Trade payables	-	3,10,78,917	-	-	-	3,10,78,917
	-	<u>3,48,27,355</u>	<u>3,01,66,552</u>	<u>9,89,95,373</u>	<u>12,10,691</u>	<u>16,51,99,970</u>

Note 38 : The previous year's figures have been audited by another firm of chartered accountants. Previous year's figures have been regrouped/reclassified wherever considered necessary to correspond to current year's presentation. The figures are rounded off to the nearest rupee.

For G S Gaikwad & Co.  
Chartered Accountants  
CAI Firm Registration Number: 147093W

per Ganesh Gaikwad  
Partner  
Membership Number: 136512

Place: Pune  
Date: 20.05.2021



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

Mr. Yatin Shah  
Director  
DIN: 00318140

Mr. Karan Shah  
Director  
DIN: 07985441

Abhishek Phadke  
Company Secretary  
M. No.: 60856

Place: Solapur  
Date: 20.05.2021

Place: Solapur  
Date: 20.05.2021

Place: Pune  
Date: 20.05.2021

