P G BHAGWAT LLP
Chartered Accountants
LLPIN: AAT-9949

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INDEPENDENT AUDITOR'S REPORT

To the Members of LA- GAJJAR MACHINERIES PRIVATE LIMITED

Report on the Audit of the Standalone Indian Accounting Standards (Ind AS) Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of LA- GAJJAR MACHINERIES PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Standalone Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 accounting principles generally accepted in India, of the standalone state of affairs of the Company as at March 31, 2021, and its standalone profit (including Other Comprehensive Income), standalone changes in equity and its standalone cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of standalone 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 Standalone 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 standalone Ind AS 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 standalone Ind AS Financial Statements.

Emphasis of Matter

We draw your attention to 32.1 to the standalone Ind AS Financial Statements, which describes the details of further investment made by the Company in its Subsidiary after the Balance Sheet date.

Our opinion is not modified in respect of this matter

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone Ind AS financial statements for financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matters below, our description of how our audit addressed the matter provided in that context.

Valuation of Inventory:

The company has at balance sheet date Inventory amounting to Rs. 11,099.74 Lakhs as disclosed in Note 7 which constitute 37% of total assets of the company. The inventory is valued at the lower of cost and net realizable value. Refer to Note 32.4.12 which describes company's accounting policy on valuation of inventory. The Inventory valuation is considered as Key Audit matter considering size of balance, price volatility of raw material, management estimate in respect of realisable value and the changes in IT system impacting valuation process at various stages of manufacture and related controls.

Our audit methodology included the following:

- Obtained an understanding and assessed internal controls and its effectiveness along with changes in such processes due to change in IT system with respect to process of Inventory recording, verification and valuation

- Reviewed the management's inventory verification process, observed the physical verification process for sample items, taken cognizance and assessed the trend of past inventory differences and received confirmations from the subcontractors for testing the assertion of existence.

- Performed cut off procedures on test check basis to ensure completeness of Inventory.

- Tested on sample basis the accuracy of weighted average cost and Overhead absorption for Raw material, Work in Progress, Finished Goods and Trading material as per the accounting policy adopted by the company

- Evaluated the management judgement, estimate and process for identification and valuation of slow moving / non-moving, obsolete and damaged items of inventory.

- Performed analysis of Net realizable value (NRV) vs Cost of inventory on test basis to ensure that the Inventory is carried at Cost or NRV whichever is lower as per applicable Ind AS 2.

- Ensured presentation and disclosure as per applicable Ind AS and accounting framework

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Director's Report, but does not include the standalone Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS 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.

Responsibilities of Management and Those Charged with Governance for the Standalone 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 standalone Ind AS Financial Statements that give a true and fair view of the standalone financial position, standalone financial performance (including other Comprehensive Income), standalone changes in equity and standalone cash flows 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 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 standalone 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 standalone Ind AS Financial Statements, the 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 Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 financial 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 standalone Ind AS Financial Statement 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 standalone Ind AS 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 standalone Ind AS Financial Statements, including the disclosures, and whether the standalone 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS Financial Statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by 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 A; a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 other comprehensive income), the statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with Indian 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 director 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 with reference to standalone Ind AS Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.

   g) As required by section 197 (16) of the Act; in our opinion and according to information and explanation provided to us, the remuneration paid/ provided for by the company to its directors is in accordance with the provisions of section 197 of the Act and remuneration paid to directors is not in excess of the limit laid down under this section.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS Financial Statements – Refer 32.5.1 to the financial statements.

   (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

   (iii) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration Number: 101118W/W100682

Sd/-

Nachiket Deo
Partner
Membership No: 117695
UDIN: 21117695AAAABS5039
Pune
Date: April 30, 2021

M/s P.G. Bhagwat a partnership firm was converted and incorporated as LLP from 28th September 2020

Annexure A to Independent Auditors' Report (CARO)

Referred to in paragraph 1 of our "Report on Other Legal and Regulatory Requirements" on even date

(i)	(a)	The Company has maintained proper records showing full particulars including quantitative details and situation of Property Plant and Equipment.
	(b)	The Property Plant and Equipment of the Company have been physically verified by the Management at reasonable intervals with regards to the size of the company and nature of its assets discrepancies noticed, if any, have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.
	(c)	The Company does not own any immovable properties as disclosed in 'Note – 1 Property Plant and Equipment' to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
(ii)	The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them at reasonable intervals. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.	
(iii)	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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.	

(iv)	According to the information and explanations given to us, there are no loan, guarantees, securities given by the company under section 185 of the Companies Act, 2013. According to the information and explanations provided to us, provisions of section 186 of the Companies Act, 2013 have been complied with respect to investment.	
(v)	In our opinion and according to information and explanation given to us, the Company has not accepted public deposits, hence the directive issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable to it. According to information and explanation given to us, no order has been passed against the company by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal	
(vi)	Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.	
(vii)	(a)	According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of income tax, though there has been slight delay in few cases and is generally regular in depositing the undisputed statutory dues including employees' state insurance, provident fund, sales tax, service tax, duty of customs, duty of excise, value added tax, Goods and Service Tax, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st March, 2021, for a period more than six months from the date they became payable

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs and duty of excise duty, value added tax, Goods and Service Tax, as at 31st March, 2021 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount under dispute not deposited (Rs. In Lakhs)**	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	Demand for disallowance of claims	404.89	2006-07 2016-17 2017-18	Sales Tax Tribunal
Sales Tax	Demand for disallowance of claims	31.22	2016-17 2017-18	Assistant Commissioner of Commercial Taxes
Sales Tax	Non Receipt of Forms	37.64	2015-16 2016-17 2017-18	Appellate Joint Commissioner
Sales Tax	Demand for disallowance of claims	51.97	2017-18	Deputy Commissioner of Sales Tax
GST & Central Excise	Demand for disallowance of claims	2.12	2017-18	Superintendent (Audit), GST & Central Excise, Audit Commissioner,

** Net of amount paid under protest of Rs. 7.38 Lakhs.

(viii)	According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date and also not issued debentures.
(ix)	The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and not availed term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
(x)	During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
(xi)	The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
(xii)	As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
(xiii)	The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015 as amended.

(xiv)	According to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
(xv)	According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
(xvi)	According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

FOR P G BHAGWAT LLP
Chartered Accountants
Firm Registration Number: 101118W/W100682

Sd/-
Nachiket Deo
Partner
Membership No: 117695
UDIN:- 21117695AAAABS5039
Pune
Date: April 30, 2021

Annexure B to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of La-gajjar Machineries Private Limited.

Report on the Internal Financial Controls with reference to Standalone Ind AS Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to Standalone Ind AS Financial Statements of **La-gajjar Machineries Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone Ind AS 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 prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone Ind AS financial statements, 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 with reference to standalone Ind AS financial statements were 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 internal financial controls with reference to standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone Ind AS financial statements included obtaining an understanding of such internal financial controls, 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 standalone Ind AS 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 with reference to standalone Ind AS financial statements.

Meaning of Internal Financial Controls over financial reporting with reference to standalone Ind AS financial statements

A company's internal financial control over financial reporting with reference to standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to standalone Ind AS 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 standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over financial reporting with reference to standalone Ind AS financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to standalone Ind AS 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 standalone Ind AS financial Statements to future periods are subject to the risk that the internal financial controls over financial reporting with reference to standalone Ind AS 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, adequate internal financial controls with reference to standalone Ind AS financial statements and such internal financial controls 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 **P G BHAGWAT LLP**
Chartered Accountants
Firm Registration Number: 101118W/W100682

Sd/-

Nachiket Deo
Partner
Membership Number: 117695
UDIN: 21117695AAAABS5039
Pune
Date: April 30, 2021

La-Gajjar Machineries Pvt Ltd

Balance Sheet as at 31 March 2021

₹ in Lakhs

Particulars	Note No.	As at 31 March 2021	As at 31 March 2020
ASSETS			
I. Non-current assets		**4,554.94**	**4,394.09**
(a) Property, plant and equipment	1	1,587.84	1,636.92
(b) Capital work-in-progress	1	-	0.75
(c) Right-of-use assets	1	657.93	724.54
(d) Goodwill	2	127.07	127.07
(e) Other Intangible assets	2	603.56	140.31
(f) Intangible assets under development	2	-	116.56
(g) Financial assets			
(i) Investments	3	5.00	-
(ii) Other financial assets	4	1,196.94	1,167.07
(h) Deferred tax assets (net)	5	128.31	177.81
(i) Other non-current assets	6	248.29	303.06
II.Current assets		**25,174.23**	**19,931.75**
(a) Inventories	7	11,099.74	10,319.73
(b) Financial assets			
(i) Trade receivables	8	9,078.33	5,283.05
(ii) Cash and cash equivalents	9a	12.42	22.32
(iii) Bank balance other than (iii) above	9b	13.28	1.00
(iv) Other financial assets	10	426.44	196.05
(c) Current tax assets (net)		-	46.72
(d) Other current assets	11	4,544.02	4,062.88
Total Assets		**29,729.17**	**24,325.84**
EQUITY AND LIABILITIES			
Equity		**8,001.68**	**6,048.26**
(a) Equity share capital	12	107.60	107.60
(b) Other equity			
Capital redemption reserve	13	139.00	139.00
Securities premium	13	678.40	678.40
General reserve	13	411.21	411.21
Retained earnings	13	6,665.47	4,712.05
Liabilities			
I. Non-current liabilities		**1,727.50**	**1,668.91**
(a) Financial liabilities			
(i) Borrowings	14	1,263.99	1,194.20
(ii) Lease liabilities		312.33	310.79
(iii) Other financial liabilities	15	56.71	60.58
(b) Provisions	16	94.47	103.34
(c) Other non-current liabilities		-	-
II.Current liabilities		**19,999.99**	**16,608.67**
(a) Financial liabilities			
(i) Borrowings	17	7,867.04	6,966.32
(ii) Trade and other payables	18		
a) total outstanding dues of micro enterprises and small enterprises		5,604.69	3,371.38
b) total outstanding dues of creditors other than micro enterprises and small enterprises		3,886.08	3,486.26
(iii) Lease liabilities		162.94	70.40
(iv) Other financial liabilities	19	968.56	1,059.06
(b) Other current liabilities	20	365.23	556.48
(c) Provisions	21	1,145.45	1,098.77
Total Equity and Liabilities		**29,729.17**	**24,325.84**
Significant accounting policies	32		

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

As per our attached report of even date

FOR P G BHAGWAT LLP
Chartered Accountants
Firm Registration Number : 101118W/ W100682

NACHIKET DEO
Partner
Membership Number : 117695
Pune : 30 April, 2021

For and on behalf of the board of directors

SANJEEV NIMKAR
Vice Chairman
DIN: 07869394

PAWAN KUMAR AGARWAL
Director
DIN: 02723352

Sd/-
CHINTAN VYAS
FINANCE HEAD

Pune : 30 April, 2021

P.G. BHAGWAT LLP * PUNE * CHARTERED ACCOUNTANTS

La-Gajjar Machineries Pvt Ltd
Statement of profit and loss for the year ended 31 March 2021

₹ in Lakhs

Particulars	Note No.	2020-21	2019-20
Income			
Revenue from operations	22	51,982.76	46,709.06
Other income	23	167.61	359.76
Total Income		52,150.37	47,068.82
Expenses			
Cost of raw materials and components consumed	24	25,482.42	27,397.68
Purchase of traded goods	25	6,605.96	4,041.01
Changes in inventories of finished goods, work-in-progress and traded goods	26	1,127.65	(3,176.25)
Employee benefits expense	27	2,592.66	2,507.89
Finance costs	28	641.56	770.74
Depreciation and amortisation expense	29	591.44	537.01
Other Expenses	30	12,437.50	12,664.72
Total Expenses		**49,479.19**	**44,742.80**
Profit before exceptional items and tax		**2,671.18**	**2,326.02**
Exceptional items [Income/(Expense)]		-	-
Profit before tax		**2,671.18**	**2,326.02**
Tax expense		**720.53**	**682.59**
Current tax	31	663.24	655.50
(Excess)/short provision related to earlier years		8.72	(47.59)
Deferred tax	31	48.57	74.68
Profit for the year		**1,950.65**	**1,643.43**
Other comprehensive income			
A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		**2.77**	**(22.76)**
Re-measurement gains / (losses) on defined benefit plans		3.70	(30.42)
Income tax effect on above		(0.93)	7.66
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (A)		2.77	(22.76)
Total other comprehensive income for the year, net of tax [A]		**2.77**	**(22.76)**
Total comprehensive income for the year		**1,953.42**	**1,620.67**
Earnings per equity share [nominal value per share ₹ 10/- (31 March 2020: ₹ 10/-)]			
Basic		181.29	152.74
Diluted		181.29	152.74
Significant accounting policies	32		

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

As per our attached report of even date

For and on behalf of the board of directors

FOR P G BHAGWAT LLP
Chartered Accountants
Firm Registration Number : 101118W/ W100682

NACHIKET DEO
Partner
Membership Number : 117695
Pune : 30 April, 2021

P.G. BHAGWAT LLP * CHARTERED ACCOUNTANTS * PUNE

SANJEEV NIMKAR
Vice Chairman
DIN: 07869394

PAWAN KUMAR AGARWAL
Director
DIN: 02723352

Sd/-
CHINTAN VYAS
FINANCE HEAD

Pune : 30 April, 2021

La-Gajjar Machineries Pvt Ltd

Statement of Cash Flow the year ended 31 March 2021

₹ in Lakhs

Particulars	2020-21	2019-20
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	**2,671.18**	**2,326.02**
Adjustments to reconcile profit before tax to net cash flows:		
Add:		
Depreciation and Amortisation	591.44	537.01
Loss on disposal of assets & Others	-	231.85
Inventories written down	(141.57)	152.41
Bad debts and irrecoverable balances written off	8.21	238.75
Provision for doubtful debts and advances (net)	(24.74)	(244.30)
Loss / (Profit) on Revalorisation on Imports	(0.09)	0.68
Loss / (Profit) on Revalorisation on Exports	9.01	(106.73)
Loss / (Profit) on Revalorisation on Forex Loans	27.56	116.60
Finance cost	641.56	770.74
	1,111.38	**1,697.01**
Less :		
Unwinding of interest on deposits	83.49	95.46
Surplus on sale of assets	2.24	13.41
Interest received (Finance income)	1.10	2.10
Sundry Credit Balances Appropriated	0.25	19.18
Provisions no longer required written back	66.48	20.54
	153.56	150.69
Operating Profit before working capital changes	**3,629.00**	**3,872.34**
Working Capital Adjustments		
(Increase) / Decrease in Trade and Other Receivables	(4,456.67)	(731.62)
(Increase) / Decrease in Inventories	(638.44)	(3,884.24)
Increase / (Decrease) in Trade and other Payables	2,447.51	1,334.53
Increase / (Decrease) in Provisions	108.00	164.51
	(2,539.60)	**(3,116.82)**
Net Cash generated from operations	**1,089.40**	**755.52**
Direct taxes paid	(557.22)	(633.64)
NET CASH FLOW FROM OPERATING ACTIVITIES	**532.18**	**121.88**
CASH FLOW FROM INVESTING ACTIVITIES		
Add :		
Proceeds from Sale of Property, Plant and Equipment	2.24	70.47
Interest received (Finance income)	0.18	3.38
	2.42	**73.85**
Less :		
Investment in subsidiary	5.00	-
Payments for Purchase of Property, Plant and Equipment	626.67	489.91
	631.67	**489.91**
NET CASH GENERATED FROM INVESTING ACTIVITIES	**(629.25)**	**(416.06)**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from bill discounting & borrowings	837.55	1,050.49
Repayment of Lease Liability	(140.48)	(100.00)
Interest paid (finance cost)	(609.90)	(751.15)
NET CASH USED IN FINANCING ACTIVITY	**87.17**	**199.34**

P.G. BHAGWAT LLP * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Pvt Ltd
Statement of Cash Flow the year ended 31 March 2021

₹ in Lakhs

Particulars	2020-21	2019-20
Net increase / (decrease) in cash and cash equivalents	(9.90)	(94.84)
Opening Cash and Cash equivalents	22.32	117.16
Closing Cash and Cash equivalents (Refer Note 9a)	12.42	22.32

As per our attached report of even date.

FOR P G BHAGWAT LLP
Chartered Accountants
Firm Registration Number : 101118W/ W100682

NACHIKET DEO
Partner
Membership Number : 117695
Pune : 30 April, 2021

P. G. BHAGWAT LLP * PUNE * CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors.

SANJEEV NIMKAR
Vice Chairman
DIN: 07869394

PAWAN KUMAR AGARWAL
Director
DIN: 02723352

Sd/-
CHINTAN VYAS
FINANCE HEAD

Pune : 30 April, 2021

La-Gajjar Machineries Pvt Ltd

Statement of changes in Equity for the year ended 31 March 2021

A. Equity Share Capital (Note 12)

₹ in Lakhs

Equity Shares of ₹ 10 each issued, subscribed and fully paid	No. of Shares	Amount
At 1 April 2019	10,76,000	107.60
Issue/Reduction, if any during the year	-	-
At 31 March 2020	10,76,000	107.60
Issue/Reduction, if any during the year	-	-
At 31 March 2021	10,76,000	107.60

B. Other Equity (Note 13)

₹ in Lakhs

Particulars	Reserves and Surplus				Total
	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	
As at 1 April 2019	139.00	678.40	411.21	3,091.38	4,319.99
Profit for the year	-	-	-	1,643.43	1,643.43
Other comprehensive income for the year	-	-	-	(22.76)	(22.76)
Total Comprehensive income for the year	-	-	-	1,620.67	1,620.67
Transferred to Capital Redemption Reserve	-	-	-	-	-
At 31 March 2020	139.00	678.40	411.21	4,712.05	5,940.66
As at 1 April 2020	139.00	678.40	411.21	4,712.05	5,940.66
Profit for the year	-	-	-	1,950.65	1,950.65
Other comprehensive income for the year	-	-	-	2.77	2.77
Total Comprehensive income for the year	-	-	-	1,953.42	1,953.42
Transferred to Capital Redemption Reserve	-	-	-	-	-
As at 31 March 2021	139.00	678.40	411.21	6,665.47	7,894.08

Significant accounting policies 32

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

As per our attached report of even date

For and on behalf of the board of directors

FOR P G BHAGWAT LLP
Chartered Accountants
Firm Registration Number : 101118W/ W100682

NACHIKET DEO
Partner
Membership Number : 117695
Pune : 30 April, 2021

P. G. BHAGWAT LLP * CHARTERED ACCOUNTANTS * PUNE

SANJEEV NIMKAR
Vice Chairman
DIN: 07869394

PAWAN KUMAR AGARWAL
Director
DIN: 02723352

Sd/-
CHINTAN VYAS
FINANCE HEAD

Pune : 30 April, 2021

La-Gajjar Machineries Pvt Ltd
Notes to the Financial Statements

Note 1 : Property, Plant and equipment

₹ in Lakhs

Particluars	Leasehold Improvement	Plant & Equipment	Furniture & Fixture	Vehicles	Office Equipment	Computers	Electrical Installation	Total	Capital Work-in-Process	Right-of-Use Assets
Gross Block										
As At 1st April 2019	132.37	3,435.05	151.88	334.45	277.28	147.81	-	4,478.84	1.96	-
Additions	11.36	223.35	11.83	-	9.72	67.96	-	324.22	2.85	902.76
Inter transfers - Net	206.58	-73.86	7.02	-	-142.18	-6.04	-	-8.48	-	-
Assets written off / Scrapped (Net)	-	466.74	26.26	-	66.89	18.30	-	578.19	-	-
Deductions / Amortization	-	92.89	0.01	49.02	-	6.46	-	148.38	4.06	-
As At 31 Mar 2020	350.31	3,024.91	144.46	285.43	77.93	184.97	-	4,068.01	0.75	902.76
Additions	12.90	123.54	2.86	-	13.88	15.46	17.72	186.36	-	188.81
Inter transfers - Net	-	-2.35	3.54	-	-21.53	-	20.34	-	-	-
Reclassified on account of Adoption of Ind A	-	-	-	-	-	-	-	-	-	-
Assets written off / Scrapped (Net)	-	-	-	-	-	-	-	-	-	-
Deductions / Amortization	-	-	-	22.65	-	-	-	22.65	0.75	-
As At 31 Mar 2021	363.21	3,146.10	150.86	262.78	70.28	200.43	38.06	4,231.72	-	1,091.57
Depreciation										
Upto 1 April 2019	111.29	1,828.05	90.15	259.85	176.98	90.63	-	2,556.95	-	-
For the year	86.28	154.52	14.86	17.77	9.43	33.67	-	316.53	-	178.22
Inter transfers - Net	124.14	-25.36	-16.31	-	-82.97	-4.23	-	-4.73	-	-
Reclassified on account of Adoption of Ind A	-	-	-	-	-	-	-	-	-	-
Assets written off / Scrapped (Net)	-	284.82	15.50	-	49.74	18.10	-	368.16	-	-
Deductions / Amortization	-	17.14	0.01	45.89	-	6.46	-	69.50	-	-
As At 31 Mar 2020	321.71	1,655.25	73.19	231.73	53.70	95.51	-	2,431.09	-	178.22
For the year	10.57	146.48	11.76	15.99	7.80	41.03	1.81	235.44	-	255.42
Inter transfers - Net	-	-1.73	2.18	-	-12.62	-	12.17	-	-	-
Assets written off / Scrapped (Net)	-	-	-	-	-	-	-	-	-	-
Deductions / Amortization	-	-	-	22.65	-	-	-	22.65	-	-
As At 31 Mar 2021	332.28	1,800.00	87.13	225.07	48.88	136.54	13.98	2,643.88	-	433.64
Net Block										
As At 1st April 2019	21.08	1,607.00	61.73	74.60	100.30	57.18	-	1,921.89	1.96	-
As At 31 Mar 2020	28.60	1,369.66	71.27	53.70	24.23	89.46	-	1,636.92	0.75	724.54
As At 31 Mar 2021	30.93	1,346.10	63.73	37.71	21.40	63.89	24.08	1,587.84	-	657.93

Notes :

1. For Depreciation, amortisation and security refer accounting policy Note 32.4.3
2. Refer Note - 32.4.11 on policies for Right-of-Use Assets

P.G. BHAGWAT LLP * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Pvt Ltd

Notes to the Financial Statements

Note 2 : Other Intangible assets

₹ in Lakhs

Particluars	Computer Software	Customer Relationships	Total	Goodwill acquired under Business Combination	Intangible assets under development
Gross Block					
As At 1 April 2019	**16.86**	**149.36**	**166.22**	**127.07**	**-**
Additions	70.38	-	70.38	-	119.06
Inter Transfers	8.48	-	8.48	-	-
Recoupment / Adjustment	-	-	-	-	-
Deductions	-	-	-	-	2.50
As At 31 Mar 2020	**95.72**	**149.36**	**245.08**	**127.07**	**116.56**
Additions	563.83	-	563.83	-	447.27
Inter Transfers	-	-	-	-	-
Recoupment / Adjustment	-	-	-	-	-
Deductions	-	-	-	-	563.83
As At 31 Mar 2021	**659.55**	**149.36**	**808.91**	**127.07**	**-**
Amortisation					
Upto 1 April 2019	**5.50**	**52.28**	**57.78**	**-**	**-**
For The Year	12.30	29.96	42.26	-	-
Inter Transfers	4.73	-	4.73	-	-
Recoupment / Adjustment	-	-	-	-	-
Deductions	-	-	-	-	-
As At 31 Mar 2020	**22.53**	**82.24**	**104.77**	**-**	**-**
For The Year	70.70	29.88	100.58	-	-
Inter Transfers	-	-	-	-	-
Recoupment / Adjustment	-	-	-	-	-
Deductions	-	-	-	-	-
As At 31 Mar 2021	**93.23**	**112.12**	**205.35**	**-**	**-**
Net Block					
As At 1 April 2019	**11.36**	**97.08**	**108.44**	**127.07**	**-**
As At 31 Mar 2020	**73.19**	**67.12**	**140.31**	**127.07**	**116.56**
As At 31 Mar 2021	**566.32**	**37.24**	**603.56**	**127.07**	**-**

Notes :

1. For Depreciation and amortisation refer accounting policy Note 32.4.5

P.G. BHAGWAT LLP * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Pvt Ltd

Notes to the Financial Statements

Note 3 : Non-current Investments

Particulars	Par Value / Face Value Per Unit	As at 31 March 2021		As at 31 March 2020	
		Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
(i) **At Cost**					
Investment					
Investment in wholly owned Subsidiary					
Optiqua Pipes and Electricals Private Limited - Unquoted Equity Instruments (Fully paid up)	10.00	50,000	5.00	-	-
Total			**5.00**		-

Notes :

1. Aggregate amount of Unquoted Investments as at 31 March, 2021 is ₹ 5.00 Lakhs (₹ NIL as at 31 March, 2020)
2. Face value per unit in Rupees unless otherwise stated.
3. The Company has invested Rs. 5 Lakhs in Optiqua Pipes and Electricals Private Limited, fully owned subsidiary of the Company, on 22 March 2021 (50,000 Shares of Rs.10 each)
4. In accordance with Ind As 27 "Separate Financial statement" the company has valued its investment in subsidiary at cost.
5. Refer Note - 32.5.13 on Risk Management objectives and policies for Financial Instruments.

P.G. BHAGWAT LLP * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Pvt Ltd

Notes to the Financial Statements

Note 4 : Other financial assets (non current)

₹ in Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Security deposits		
Unsecured, considered good	1,196.94	1,167.07
Doubtful	21.16	47.70
Less :Loss Allowance for doubtful deposits	(21.16)	(47.70)
Total	**1,196.94**	**1,167.07**

1. Other financial assets are measured at amortised cost. Refer note 32.5.12
2. Refer Note - 32.5.13 on Risk Management objectives and policies for Financial Instruments.

P.G. BHAGWAT LLP * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Pvt Ltd

Notes to the Financial Statements

Note 5 : Deferred tax Asset (net)

₹ in Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred Tax Asset	**128.31**	**177.81**
Depreciation	64.46	126.30
Disallowances u/s 43 B of Income Tax Act	27.49	35.23
Provision for Doubtful debts & advances	25.11	24.67
ROU Asset Net of Lease Liability and PV of Deposit	11.04	(8.39)
Others	0.21	-
Total	**128.31**	**177.81**

1. Reconciliation of deferred tax assets / (liabilities), net

₹ in Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance as of 1 April	**177.81**	**437.16**
Tax income/(expense) during the year recognised in profit or loss	(48.57)	(74.68)
Tax income/(expense) during the year recognised in OCI	(0.93)	7.66
MAT Credit Utilization	-	(192.33)
Closing balance as at 31 March	**128.31**	**177.81**

2. Tax Losses

₹ in Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Unused tax losses for which no Deferred Tax Assets have been recognised- Long Term capital loss on sale of Land	1,237.01	1,237.01
Potential Tax benefit	288.17	288.17

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

4. Deferred tax is measured on temporary differences at the rate of 25.168% (Refer note 31)

5. The unused tax losses were incurred by the company on sale on Land in which company is not likely to generate taxable income in the foreseeable future. The losses can be carried forward as per the provisions of Income Tax Act .

P.G. BHAGWAT LLP * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Pvt Ltd

Notes to the Financial Statements

Note 6 : Other non-current assets

₹ in Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Capital advances	51.61	37.98
Prepaid expenses	2.17	2.55
Tax paid in advance (net of provision)	194.51	262.53
Total	**248.29**	**303.06**

P.G. BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

Note 7 : Inventories

₹ in Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Raw materials	**4,613.07**	**2,634.35**
Raw materials and components	4,613.07	2,634.35
Work-in-progress	1,590.03	1,982.53
Finished goods	3,325.68	4,672.26
Traded goods	1,410.18	798.75
Stores and spares	160.78	231.84
Total	**11,099.74**	**10,319.73**

1. Inventories written down to net realisable value during the year ended on 31 March 2021 is ₹ NIL Lakhs were recognised as an expense in the statement of profit and loss during the year. (₹ 152.41 Lakhs on 31 March 2020).
2. Refer Note 14 for information on inventory hypothication with bankers for the purpose of Working Capital facilities.

P.G. BHAGWAT LLP * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Pvt Ltd

Notes to the Financial Statements

Note 8 : Trade receivables

₹ in Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Total Trade Receivables	**9,078.33**	**5,283.05**
Trade receivables [Refer note (1) below]	9,078.33	5,283.05
Break-up for security details:	**9,078.33**	**5,283.05**
Secured considered good	-	-
Unsecured considered good	9,078.33	5,283.05
Doubtful	99.77	98.02
Loss Allowance (for expected credit loss under simplified approach)	(99.77)	(98.02)
Total	**9,078.33**	**5,283.05**

Trade receivable which have significant increase in credit risk: ₹ NIL (₹ NIL in FY 2019-20)

Trade receivable - credit impaired : ₹ NIL (₹ NIL in FY 2019-20)

1. Trade receivables are measured at amortised cost.
2. No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. There are no trade and other receivable due from firms and private companies respectively in which any director is a partner, a director or a member as on 31 March, 2021 (₹ NIL as on 31 March, 2020). Refer Note 32.5.9 for terms and conditions related to Related party receivables.
3. Trade receivables secured by letter of credit are considered as seucred.

4. Movement of impairment Allowance (allowance for expected credit loss under simplified approach)

Particulars	As at 31 March 2021	As at 31 March 2020
Opening Balance	**98.02**	**314.01**
Provided During the year	9.96	12.66
Written off	(8.21)	(228.65)
Provision written back	-	-
Closing Balance	**99.77**	**98.02**

5. Refer Note 32.5.13 on credit risk of trade receivables, which explains how the Company manages and measures credit quality of trade receivables that are neither past due nor impaired.

La-Gajjar Machineries Pvt Ltd
Notes to the Financial Statements

Note 9a : Cash and cash equivalents

₹ in Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Balance with Bank		
Current accounts and debit balance in cash credit accounts	12.35	22.00
Cash on hand	0.07	0.32
Total	**12.42**	**22.32**

Note 9b : Other bank balances

Particulars	As at 31 March 2021	As at 31 March 2020
Deposits with original maturity of more than three months but less than 12 months	13.28	1.00
Total	**13.28**	**1.00**

1. Fixed Deposits are pledged with the banks as margin money against Letter of Credit / Bank Guarantee.
2. Refer Note 32.5.13 for further details

P.G. BHAGWAT LLP * PUNE * CHARTERED ACCOUNTANTS *

La-Gajjar Machineries Pvt Ltd
Notes to the Financial Statements

Note 10 : Other financial assets (Current)

₹ in Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Security deposits (Unsecured, considered good)	2.22	8.17
Export incentive receivable	334.30	175.46
Other Receivables	89.92	12.42
Total	**426.44**	**196.05**

1. Other financial assets are measured at amortised cost.
2. Others includes interest receivable on FDR and accrued revenue.
3. Other receivables due from private companies in which director of the company is , a director or a member as at 31 March 2021 ₹ 3.57 Lakhs. (31 March, 2020 : ₹ NIL)
4. Refer Note 32.5.13 for further details.

P.G. BHAGWAT LLP * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Pvt Ltd
Notes to the Financial Statements

Note 11 : Other current assets

₹ in Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Advance to suppliers	515.36	431.46
Balance with collectorate of central excise and customs	584.79	322.04
Sales tax / VAT / GST receivable	3,351.34	3,236.60
Prepaid expenses	72.45	59.78
Others	20.08	13.00
Total	**4,544.02**	**4,062.88**

P.G. BHAGWAT LLP * PUNE * CHARTERED ACCOUNTANTS

La-Gajjar Machineries Pvt Ltd
Notes to the Financial Statements

Note 12 : Share capital

Particulars	No. of shares	₹ in Lakhs
Authorised equity share capital (Shares of ₹ 10 each)		
As At 1 April 2019	**52,40,000**	**524.00**
Increase/(decrease) during the year	-	-
As At 31 March 2020	**52,40,000**	**524.00**
Increase/(decrease) during the year	-	-
As At 31 March 2021	**52,40,000**	**524.00**
Issued, subscribed and fully paid up equity share capital (Shares of ₹ 10 each)		
As At 1 April 2019	**10,76,000**	**107.60**
Changes during the year	-	-
As At 31 March 2020	**10,76,000**	**107.60**
Changes during the year	-	-
As At 31 March 2021	**10,76,000**	**107.60**

Terms/Rights attached to the equity shares

1. The Company has only one class of equity shares having a par value of ₹ 10/- each. Each equity shareholder is entitled to one vote per share and has a right to receive dividend as recommended by Board of Directors subject to the necessary approval from the shareholders.
2. 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.

3. Shares held by holding company

Particulars	As At 31 March 2021	As At 31 March 2020
Kirloskar Oil Engines Ltd.		
No. of Equity shares of ₹ 10 each	8,17,760	8,17,760
Face value of Equity share holding (₹ in Lakhs)	81.78	81.78
Equity share holding (%)	76.00%	76.00%

4. Number of Shares held by each shareholder holding more than 5% Shares in the Company

Particulars	Derwent Crystal India Pvt. Ltd.	Kirloskar Oil Engines Ltd.
As at 31st March 2020		
No. of Shares	2,58,240	8,17,760
% of Shareholding	24.00%	76.00%
As at 31st March 2021		
No. of Shares	2,58,240	8,17,760
% of Shareholding	24.00%	76.00%

P.G. BHAGWAT LLP * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Pvt Ltd
Notes to the Financial Statements

Note 13 : Other Equity

₹ in Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
CAPITAL REDEMPTION RESERVE	**139.00**	**139.00**
Opening Balance	139.00	139.00
Add : Transferred during the year	-	-
SECURITIES PREMIUM	**678.40**	**678.40**
Opening Balance	678.40	678.40
Add : Transferred during the year	-	-
GENERAL RESERVE	**411.21**	**411.21**
Opening Balance	411.21	411.21
Add : Transferred from Retained earnings	-	-
RETAINED EARNINGS	**6,665.47**	**4,712.05**
Opening Balance	4,712.05	3,091.38
Add : Profit for the year	1,950.65	1,643.43
Add : Other Comprehensive income / (Loss)	2.77	(22.76)
	1,953.42	**1,620.67**
Total	**7,894.08**	**5,940.66**

Other reserves

Particulars	As at 31 March 2021	As at 31 March 2020
Capital redemption reserve	139.00	139.00
General reserve	411.21	411.21
SECURITIES PREMIUM	678.40	678.40
Retained Earnings	6,665.47	4,712.05
Total other reserves	**7,894.08**	**5,940.66**

1. The Capital Redemption Reserve is created for redemption of preference shares as per statutory requirement.

2. Securities premium is received against the issuance of Equity Shares and can be utilised in accordance with provisions of Companies Act, 2013.

3. General reserve is created by setting aside amount from the Retained Earnings of the company for general purposes which is freely available for distribution.

P.G. BHAGWAT LLP * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Pvt Ltd
Notes to the Financial Statements

Note 14 : Borrowings (Non-current)

₹ in Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Secured loans from bank	**413.99**	**1,190.94**
Term loans	413.99	1,185.60
Loan for purchase of vehicles	-	5.34
Secured loans from NBFC	-	**3.26**
Loan for purchase of vehicles	-	3.26
Unsecured	**850.00**	-
8% Cumulative Redeemable Preference Shares	850.00	-
Total	**1,263.99**	**1,194.20**

1. Loans are measured at amortised cost.

2. Term Loans from Banks

(i) The term Loans availed from Federal Bank and Yes Bank are secured by a First Pari Passu charge by way of Hypothecation of Plant & Machinery and other assets and second charge on entire current assets of the company.

(ii) The company had availed moratorium of three months on payment of all instalments falling due between 1st March 2020 and 31st May 2020 as per COVID-19 regulatory package announced by Reserved bank of India on 27th March 2020. However, the company opted out of the Moratorium scheme during the year and accordingly has paid the deferred payment pertaining to Mar'20 in the current year.

(iii) Term Loan of ₹ 300 Lakhs to be repaid in 60 monthly installments of ₹ 5 Lakhs each starting from July 2016 at rate of interest 9.00%. Accordingly total ₹ 65 Lakhs have been repaid in the year 2020-21 after considering moratorium effect. The repayment obligation of future 12 months is reflected in Current maturity of Long term debts (Note 19).

(iv) Term Loan of ₹ 700 Lakhs to be repaid in 60 monthly installments of ₹ 11.67 Lakhs each starting from November 2016 at rate of interest 9.00%. Accordingly total ₹ 151.67 Lakhs have been repaid in the year 2020-21. The repayment obligation of future 12 months is reflected in Current maturity of Long term debts (Note 19).

(v) Term Loan of ₹ 700 Lakhs to be repaid in 60 monthly installments of ₹ 11.67 Lakhs each starting from July 2018 at rate of interest 9.00%. Accordingly total ₹ 151.67 Lakhs have been repaid in the year 2020-21 after considering moratorium effect. The repayment obligation of future 12 months is reflected in Current maturity of Long term debts (Note 19).

(vi) Working Capital Term Loan of ₹ 1400 Lakhs to be repaid in 60 monthly installments of ₹ 23.33 Lakhs each starting from May 2018 at rate of interest 9.00%. Accordingly total ₹ 303.33 Lakhs have been repaid in the year 2020-21 after considering moratorium effect. The repayment obligation of future 12 months is reflected in Current maturity of Long term debts (Note 19).

(vii) Working Capital Term Loan of ₹ 600 Lakhs to be repaid in 12 Quarterly installments of ₹ 50 Lakhs each starting from July 2018 at rate of interest 10.50%. Accordingly total ₹ 200 Lakhs have been repaid in the year 2020-21. The repayment obligation of future 12 months is reflected in Current maturity of Long term debts (Note 19).

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Maturity profile of Term Loans from Banks (Current and Non-Current)

Period	As at 31 March 2021	As at 31 March 2020
Upto Three Months	205.00	51.67
More than Three Months Up to One Year	361.60	615.00
More than One Year Up to Three Years	413.99	1,185.60
More than Three Years Up to Five Years	-	-

3. Loan for Purchase of Vehicles - Banks

Loans for purchase of vehicles are secured against Hypothication of vehicles

4. Loan for Purchase of Vehicles - NBFC

Loans for purchase of vehicles are secured against Hypothication of vehicles

These loans are to be repayed in 36 to 60 monthly installments at an agreed installment rates as per respective sanction terms

Maturity profile of Vehicle Loans from Banks and NBFC (Current and Non-Current)

Period	As at 31 March 2021	As at 31 March 2020
Upto Three Months	3.47	3.36
More than Three Months Up to One Year	5.13	10.57
More than One Year Up to Three Years	-	8.60
More than Three Years Up to Five Years	-	-

5. 8% Cumulative Redeemable Preference Shares

The Company has issued 85,00,000 preference shares at the face value of ₹ 10 in the month of March'21 at the rate of 8% which are redeemable at the end of the term of 60 months from the date of issue. (Refer Note 32.4.8)

The procedural compliances related to Preference shares issue was completed on 27 April 2021

Terms : Unsecured Preference shares to Related Party

Period	As at 31 March 2021	As at 31 March 2020
Kirloskar Oil Engines Ltd.	850.00	-
Interest on Preference Shares	1.68	-
Total	851.68	-

Maturity profile of 8% Cumulative Redeemable Preference Shares (Current and Non-Current)

Period	As at 31 March 2021	As at 31 March 2020
Upto Three Months	-	-
More than Three Months Up to One Year	-	-
More than One Year Up to Three Years	-	-
More than Three Years Up to Five Years	850.00	-

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The break-up of the company's Preference share capital is as follows

Particulars	No. of shares	₹ in Lakhs
Authorised 0.5% cumulative redeemable preference shares capital (Shares of ₹ 10 each)		
As At 1 April 2019	**2,60,000**	**26.00**
Increase/(decrease) during the year	-	-
As At 31 March 2020	2,60,000	26.00
Increase/(decrease) during the year	(2,60,000)	**(26.00)**
As At 31 March 2021	-	-
Authorised 8% cumulative redeemable preference shares capital (Shares of ₹ 10 each)		
As At 1 April 2019	-	-
Increase/(decrease) during the year	-	-
As At 31 March 2020	-	-
Increase/(decrease) during the year	85,00,000	**850.00**
As At 31 March 2021	**85,00,000**	**850.00**
Issued, subscribed and fully paid up 0.5% cumulative redeemable preference shares capital (Shares of ₹ 10 each)		
As At 1 April 2019	-	-
Increase/(decrease) during the year	-	-
As At 31 March 2020	-	-
Increase/(decrease) during the year	-	-
As At 31 March 2021	-	-
Issued, subscribed and fully paid up 8% cumulative redeemable preference shares capital (Shares of ₹ 10 each)		
As At 1 April 2019	-	-
Increase/(decrease) during the year	-	-
As At 31 March 2020	-	-
Increase/(decrease) during the year	85,00,000	**850.00**
As At 31 March 2021	**85,00,000**	**850.00**

Number of Shares held by each shareholder holding more than 5% Shares in the Company

Particulars	As at 31 March 2021	As at 31 March 2020
Kirloskar Oil Engines Ltd.		
No. of Shares	85,00,000	-
% of Shareholding	100.00%	0.00%

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Note 15 : Other financial liabilities (Non current)

₹ in Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Deposits/ Retentions from customers and others	56.71	60.58
Total	**56.71**	**60.58**

1. Other financial liabilities are measured at amortised cost.
2. For explanations on the company's Interest risk, Foreign currency risk and liquidity risk management processes, refer Note 32.5.13

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Notes to the Financial Statements

Note 16 : Provisions (Non current)

₹ in Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for warranty	94.47	103.34
Total	**94.47**	**103.34**

1. Refer Note 21 - Provisions (Current)

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La-Gajjar Machineries Pvt Ltd
Notes to the Financial Statements

Note 17 : Borrowings

₹ in Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Secured loans from bank		
Export Preshipment Loan in INR	878.33	1,018.50
Export Postshipment Loan in INR	1,606.87	644.12
Cash credit	5,381.84	5,303.70
Total	**7,867.04**	**6,966.32**

1. Borrowings are measured at amortised cost.
2. Company's fund and non fund based working capital facilities of ₹ 14463 Lakhs are secured by first charge by way of hypothecation on the whole of the current assets of the Company both present and future and also the second charge on the whole of the movable Plant and machinery and other fixed assets of the Company in favour of the consortium of banks (Federal Consortium) comprising of The Federal Bank Limited - Ahmedabad (Lead Bank), ICICI Bank Limited - Ahmedabad, Yes Bank Limited - Pune and HDFC Bank Limited - Ahmedabad.
3. The unutilised portion of company's Cash Credit Limit is ₹ 1632.96 Lakhs (₹ 533.68 Lakhs in FY 2019-2020)
4. For explanations on the company's Interest risk, Foreign currency risk and liquidity risk management processes, refer Note 32.5.13

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La-Gajjar Machineries Pvt Ltd
Notes to the Financial Statements

Note 18 : Trade and other payables

₹ in Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Due to micro, small and medium enterprises	5,604.69	3,371.38
Due to other than micro, small and medium enterprises	3,886.08	3,486.26
Total	**9,490.77**	**6,857.64**

1. Trade and other payables are measured at amortised cost.
2. Due to Mico, Small and Medium Entrprises includes provision for Interest to MSME of ₹ 222.01 Lakhs (₹ 186.84 Lakhs in FY 2019-20)
3. For terms and conditions with related parties, refer Note 32.5.9

4. For explanations on Company's Foreign currency risk and liquidity risk management processses, refer Note 32.5.13

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Notes to the Financial Statements

Note 19 : Other financial liabilities (Current)

₹ in Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Current maturities of long term debt	575.20	680.60
Interest Accrued but Not Due	2.12	16.22
Payable for capital purchases	89.87	70.03
Employee benefits payable	187.24	169.84
Other Payables	114.13	122.37
Total	**968.56**	**1,059.06**

1. Other financial liabilities are measured at amortised cost.
2.Interest accrued but not due include dividend payable on 8% redeemable preference shares recognised as Borrowing.

3. For explanations on Company's Foreign currency risk and liquidity risk management processses, refer Note 32.5.13

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Notes to the Financial Statements

Note 20 : Other Current liabilities (Current)

₹ in Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Advance from customers	234.18	258.46
Revenue received in advance	45.66	231.44
Statutory dues including provident fund and tax deducted at source	85.39	66.58
Total	**365.23**	**556.48**

1. For explanations on Company's Revenue Recognition policies, refer Note 32.4.18

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Notes to the Financial Statements

Note 21 : Provisions (Current)

₹ in Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits	**65.73**	**87.79**
Provision for gratuity	27.60	54.00
Provision for compensated absence	38.13	33.79
Others	**1,079.72**	**1,010.98**
Provision for warranty	1,079.72	1,010.98
Total	**1,145.45**	**1,098.77**

1. Employee benefits obligations

a. Gratuity

The Company provides gratuity for employees as per the Gratuity Act, 1972. Employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity is payable on retirement or termination whichever is earlier. The level of benefits provided depends on the member's length of service and salary at retirement age. The gratuity plan is a funded plan. Refer Note 32.5.5

b. Compensated absences

The leave obligation cover the Company's liability for earned leaves which is expected to be paid-off in next 12 months

2. Other Provisions

a. Warranty

Warranty is given to customers at the time of sale of Pumps, Motors and Pumpsets manufactured. Warranty cost includes expenses in connection with repairs, free replacement of parts and after sales services during warranty period.

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of reporting period. It is expected that majority of these costs will be incurred in the next financial year and balance will be incurred in following years. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

Particulars	₹ in Lakhs
At 31 March 2020	**1,114.32**
Arising during the year (Net)	977.81
Utilised	917.94
At 31 March 2021	**1,174.19**

b. Breakup of Warranty Provisions

Particulars	As at 31 March 2021	As at 31 March 2020
Current	1,079.72	1,010.98
Non-current	94.47	103.34
Total	**1,174.19**	**1,114.32**

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Notes to the Financial Statements

Note 22 : Revenue from operations

₹ in Lakhs

Particulars	2020-21	2019-20
Sales and services	**50,910.10**	**45,313.88**
Sale of products (Refer Note 32.5.11)	50,910.10	45,313.88
Other operating income	**1,072.66**	**1,395.18**
Sale of scrap	489.04	628.41
Export incentives (Refer Note 32.5.4)	487.93	469.30
Sundry credit balances written back	0.25	19.18
Provisions no longer required written back	66.48	48.85
Provision for doubtful debts and advances written back	24.74	215.99
Miscellaneous receipts	4.22	13.45
Total	**51,982.76**	**46,709.06**

1. For explanations on Company's Revenue Recognition policies, refer Note 32.4.18

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Notes to the Financial Statements

Note 23 : Other income

₹ in Lakhs

Particulars	2020-21	2019-20
Interest on income Tax and Sales Tax Refund	24.56	-
Interest income on financial assets measured at amortised cost		
(i) Bank Deposits	1.10	2.10
(ii) Unwinding of interest on security deposits	83.49	95.46
(iii) other financial assets	21.70	60.89
Net Gain/(loss) on disposal of property, plant & Equipment	2.24	13.41
Exchange gain/(loss) on translation of assets and liabilities	34.52	187.90
Total	**167.61**	**359.76**

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Notes to the Financial Statements

Note 24 : Cost of raw materials and components consumed

₹ in Lakhs

Particulars	2020-21	2019-20
Raw materials and components consumed	25,003.66	26,939.24
Freight, octroi and entry tax	478.76	458.44
Total	**25,482.42**	**27,397.68**

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Notes to the Financial Statements

Note 25 : Purchases of Traded goods

₹ in Lakhs

Particulars	2020-21	2019-20
Monoblock	4,874.34	3,007.04
Others	1,731.62	1,033.97
Total	**6,605.96**	**4,041.01**

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Note 26 : Changes in inventories of finished goods, work-in-progress and traded goods

₹ in Lakhs

Particulars	2020-21	2019-20
Opening inventory	**7,453.54**	**4,277.29**
Work-in-process	1,982.53	1,633.98
Finished goods	4,672.26	2,259.23
Traded goods	798.75	384.08
Closing Inventory	**6,325.89**	**7,453.54**
Work-in-process	1,590.03	1,982.53
Finished goods	3,325.68	4,672.26
Traded goods	1,410.18	798.75
(Increase)/decrease in inventory	**1,127.65**	**(3,176.25)**
Total	**1,127.65**	**(3,176.25)**

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Notes to the Financial Statements

Note 27 : Employee benefits expense

₹ in Lakhs

Particulars	2020-21	2019-20
Salaries, wages, bonus, commission, etc.	2,336.00	2,258.06
Gratuity (Refer Note 32.5.5)	31.31	23.58
Contribution to provident and other funds	138.77	161.39
Welfare and training expenses	86.58	64.86
Total	**2,592.66**	**2,507.89**

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Notes to the Financial Statements

Note 28 : Finance costs

₹ in Lakhs

Particulars	2020-21	2019-20
Interest & discounting charges	560.99	691.70
Interest on Lease Liability	45.76	7.58
Other Finance cost	34.81	71.46
Total	**641.56**	**770.74**

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Notes to the Financial Statements

Note 29 : Depreciation and amortization expense

₹ in Lakhs

Particulars	2020-21	2019-20
Depreciation and amortization expense	**591.44**	**537.01**
Depreciation on Tangible & ROU Asset	490.86	494.75
Amortization on Intangible assets	100.58	42.26
Total	**591.44**	**537.01**

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Notes to the Financial Statements

Note 30 : Other expenses

₹ in Lakhs

Particulars	2020-21	2019-20
Manufacturing expenses	**8,070.94**	**7,454.55**
Stores consumed	2,528.10	1,793.99
Power and fuel	156.50	197.42
Repairs to machinery	101.94	89.10
Job work charges	2,048.91	2,088.76
Labour charges	3,184.56	3,223.10
Cost of services	11.87	41.75
Other manufacturing expenses	39.06	20.43
Selling expenses	**2,594.59**	**3,064.31**
Commission	78.62	67.43
Freight and forwarding	1,039.79	780.57
Warranty	977.81	1,415.96
Advertisement and publicity	312.86	582.31
Others selling expenses	185.51	218.04
Administration expenses	**1,771.97**	**2,145.86**
Rent	167.63	207.52
Rates and taxes	38.70	11.84
Insurance	65.19	56.47
Repairs to building	21.55	41.76
Other repairs and maintenance	389.85	483.95
Travelling and conveyance	338.43	435.17
Communication expenses	53.27	46.31
Printing and stationery	10.65	12.34
Professional charges*	402.09	305.57
Auditor's remuneration (Refer Note 32.5.3)	20.33	14.85
Spend on CSR activities (Refer Note 32.5.15)	12.65	6.05
Non Executive Directors' fees & commission	36.20	6.20
Miscellaneous expenses	207.22	47.23
Net Loss on assets sold, demolished, discarded and scrapped	-	231.85
Bad debts and irrecoverable balances written off	8.21	238.75
Total	**12,437.50**	**12,664.72**

*For terms and conditions with related parties, refer Note 32.5.9

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La-Gajjar Machineries Pvt Ltd
Notes to the Financial Statements

Note 31 : Income tax

The note below details the major components of income tax expenses for the year ended 31 March 2021 and 31 March 2020. The note further describes the significant estimates made in relation to company's income tax position, and also explains how the income tax expense is impacted by non-assessable and non-deductible items.

₹ in Lakhs

Particulars	2020-21	2019-20
Current tax	**671.96**	**607.91**
Current income tax	663.24	655.50
(Excess)/short provision related to earlier years*	8.72	(47.59)
Deferred tax	**48.57**	**74.68**
Relating to origination and reversal or temporary difference	48.57	74.68
Income tax expense reported in the statement of profit and loss	**720.53**	**682.59**

Other Comprehensive Income (OCI)

` in Crs.

Particulars	2020-21	2019-20
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	(0.93)	7.66
Exchange differences in translating the financial statements of a foreign operation	-	-
Deferred tax charged to OCI	**(0.93)**	**7.66**

*Based on assessment order received during the year, the Company has provided for an amount of ₹ 8.72 Lakh as short tax provision in respect of earlier years and the same is netted off from the tax expense for the year ended **31.3.2021** (Write Back of ₹ 47.59 Lakhs in FY 2019-20)

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate as notified under Income Tax Act, 1961 enacted in India for the years ended 31 March 2021 and 31 March 2020.

Current tax

₹ in Lakhs

Particulars	2020-21	2019-20
Accounting profit before income tax expense	2,671.18	2,326.02
Tax @ 25.168% (31 March 2020 : 29.120%)	**672.28**	**677.34**
Tax effect of adjustments in calculating taxable income:	**48.25**	**5.25**
Disallowance Under IT	25.58	(3.21)
Due to Change in Tax Rates	-	52.53
(Excess)/short provision related to earlier years	8.72	(47.59)
Difference between Opening and Closing WDV of IT	-	0.57
Others	13.95	2.95
At the effective income tax rate of 26.97% (31 March 2020 : 29.35%)	**720.53**	**682.59**

During the year 2019-20, new section 115BAA is introduced by the CBDT. As per this section, option is given to all existing companies to either pay Income tax as per the existing rates (i.e. 25% or 30% plus applicable surcharge and cess) or as per concessional rate of 22% plus applicable surcharge and cess. This new rate is available only if company forgoes certain exemptions and deductions. Since this new rate is beneficial, company has adopted the new tax rate of 25.168% (i.e. 22% including surcharge and cess) for computing Income tax & deferred tax for year ended 31 March, 2021 (the rate for 31 March, 2020 was 29.12%).

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NOTE 32: NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2021

1. Corporate Information

The company is a Private Limited Company domiciled in India and is incorporated under the provisions of the Companies Act 1956. The registered office of the company is located at Acidwala Estate, Nagarwel Hanuman Road, Amraiwadi, Ahmedabad – 380 026. The equity shares of the company are not listed on any stock exchanges in India.

The company is a subsidiary company of Kirloskar Oil Engines Ltd.

The company is engaged in the business of manufacturing and sales of Submersible Pumps, Electric Motors, Electrical Switches and spares thereof.

The Board of Directors in its meeting held on 26th March 2021 approved the investment in the 85,00,000 equity shares of Rs. 10/- each against the Rights Issue offer of Equity Shares of Optiqua Pipes and Electricals Private Limited. The Company has invested Rs. 8.50 Crores against the 85,00,000 equity shares of Rs. 10/- each towards the Rights Issue offer of Equity Shares of Optiqua Pipes and Electricals Private Limited on 7th April 2021. The 85,00,000 equity shares of Rs. 10/- each are allotted to the Company on 8th April 2021.

The standalone financial statements were approved by the Board of Directors and authorized for issue on 30 April 2021.

2. Basis of preparation of Financial Statements

The Company's standalone financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") as issued under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by the Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with rule 7 of the companies (Accounts) Rules, 2014. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied.

The standalone financial statements have been prepared on a historical cost basis, except for,

(i) the investments which have been measured at fair value as they are classified as fair value through profit or loss or fair value through other comprehensive income.

(ii) defined benefit plans - plan assets measured at fair value

Amounts in the financial statements are presented in Indian Rupees in Lakhs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013 unless otherwise stated.

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3. Significant accounting judgements, estimates and assumptions

The preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

3.1. Judgements

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

Leases

The company had applied provisions of Ind AS 116 effective 01st April, 2019. The said standard provides for certain recognition exemptions for short term leases as well as provides for certain criteria when the lease contracts are non-enforceable. The determination of lease term for the purpose of availing such exemptions and evaluation of such criteria for non-enforceability of a contract involves significant judgment.

Revenue Recognition

The company generally recognizes revenue when the performance obligation is satisfied at a point in time when the control is transferred i.e. either on shipment or upon delivery in domestic and in case of export on the date of bill of lading.

Customer Reward Points: The points provide a material right to customers that they would not have received had they not entered into the contract. Thus, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the reward points on the basis of relative stand - alone selling price. Management estimates the standalone selling price per reward point on the basis of the benefits passed on to the customer and on the basis of the likelihood of redemption, based on past experience.

3.2. 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

P.G. BHAGWAT LLP CHARTERED ACCOUNTANTS PUNE year, are described below. The company bases its assumptions and estimates on information available till the date of approval of these standalone financial statements. The assumptions and estimates, however, may change based on future developments, due to market conditions or due to circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions and estimates when they occur.

Defined benefit plans

The cost of the defined benefit plans and other post-employment benefits and the present value of the obligation are determined using actuarial valuation. 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, mortality rates and future post-retirement medical benefit increase. 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 most sensitive parameter is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are mainly based on expected future inflation rates for the country.

Further details about defined benefit obligations are provided in Note 32.5.5

Deferred Tax

Deferred tax assets are recognised for all deductible temporary differences including 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 utilized.

Warranty

The Company recognises provision for warranties in respect of the products that it sells. The estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures,

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Impairment of Goodwill recognized under Business Combination

The company estimates whether goodwill accounted under business combination has suffered any impairment on annual basis. For this purpose, the recoverable amount of the CGU was determined based on value in use calculations which require the use of assumptions.

Uncertainty relating to Global health pandemic on COVID-19

The Company's operation has and may continue to be impacted by the outbreak of COVID-19 virus. The effects of COVID-19 virus to the global economy include effect to economic growth, increase in credit risk, and the fluctuation of foreign currency exchange rates and disruption of business operation. The future effects of the outbreak of COVID-19 virus to the Company are unclear at this time. Nevertheless, as at the date of this report, management of the Company is of the opinion that the outbreak of the COVID-19 has no significant impact to the operational activities of the Company.

4. Significant Accounting Policies

4.1. Current Vs Non-Current Classification

The company presents assets and liabilities in the Balance Sheet based on current / non-current classification.

An asset is current when it is:

a. Expected to be realised or intended to be sold or consumed in normal operating cycle
b. Held primarily for the purpose of trading
c. Expected to be realised within twelve months after the reporting period, or
d. Cash or cash equivalents 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:

a. Expected to be settled in normal operating cycle
b. Held primarily for the purpose of trading
c. Due to be settled within twelve months after the reporting period, or
d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

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

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4.2. Fair value measurement

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 Company measures the fair value of an asset or a liability assuming that market participants would use it when pricing the asset or liability and that market participants act in their best economic 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 standalone 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.

The company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

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External valuation experts are involved for valuation of significant assets and liabilities. Involvement of external valuation experts is decided upon annually by the management.

Methods and assumptions used to estimate the fair values are consistently followed.

4.3. Property , Plant and Equipment

a. The company has adopted Ind AS from transition date 1st April 2016. Accordingly the company has elected to continue with the carrying value of all of its Property, plant and equipment measured as per the Indian GAAP as at 31 March 2016 and use those values as deemed cost.

Property, plant and equipment; and capital work in progress are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Cost represents all expenses directly attributable to bringing the asset to its working condition capable of operating in the manner intended. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the Property, Plant and Equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Standalone Statement of Profit and Loss as incurred.

b. Capital work-in-progress comprises cost of property, plant and equipment that are not yet installed and ready for their intended use at the balance sheet date.

c. Own manufactured assets are capitalised at cost including an appropriate share of allocable expenses.

Depreciation and Amortization

Depreciation is charged on the basis of useful life of assets on Straight Line method which are as follows:

Asset Category	Life in Years	Basis for useful life
Leasehold improvements	Lease Period	Amortised over lease period
Plant & Equipment including Pattern Tooling	15	Life as prescribed under Schedule-II of Companies Act, 2013
Jigs & Fixtures	8	Lower useful life considered based on past history of usage and supported by Technical Evaluation

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Asset Category	Life in Years	Basis for useful life
Computers		
Network	6	Life as prescribed under Schedule-II of Companies Act, 2013
End user devices, such as, desktops, laptops, etc.	3	
Servers	6	
Electrical Installations	10	Life as prescribed under Schedule-II of Companies Act, 2013
Furniture & Fixture		
Furniture, Fixtures and Electrical Fittings	10	Life as prescribed under Schedule-II of Companies Act, 2013
AC, Refrigerators and Water coolers - Company and Guest House Premises	5	Life as prescribed under Schedule-II of Companies Act, 2013
Office Equipment	5	Life as prescribed under Schedule-II of Companies Act, 2013
Vehicles		
Motorcars, Jeep	8	Life as prescribed under Schedule-II of Companies Act, 2013
Two Wheelers	10	
Other Vehicles	8	

- Used assets obtained under Business Combination are measured based on their remaining useful life as on the date of acquisition.
- Depreciation on additions is provided from the beginning of the month in which the asset is ready to use.
- Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on pro-rata basis up to the end of the month prior to the month in which such assets are sold, discarded or demolished.
- Foreign exchange fluctuation gain/ loss on imported plant and equipment were charged to Profit & Loss statement up to transition date of Ind AS.

The company, based on technical assessments made by technical experts and management estimates and depreciates certain items of plant and equipment over a useful lives which is different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management 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 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 Standalone Statement of Profit and Loss when the asset is derecognised.

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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.

Security:
As at 31st March 2021, Properties, Plant & Equipment with a carrying amount of ₹1346.10 Lakhs (31st March 2020 ₹ 1369.66 Lakhs) are subject to first charge to secure bank loan. Refer note 14 "Borrowings".

4.4. Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the property are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

An investment property is derecognised on disposal or on permanent withdrawal from use or when no future economic benefits are expected from its 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 statement of profit and loss when the asset is derecognised.

Transfers are made to (or from) investment property only when there is a change in use. Transfers between investment property, owner-occupied property and inventories are at carrying amount of the property transferred.

4.5. Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets are recorded at the consideration paid for its acquisition. In case of internally generated intangible assets, expenditure incurred in development phase, where it is reasonably certain that the outcome of development will be commercially exploited to yield future economic benefits to the company, is considered as an intangible asset. Such developmental expenditure is capitalized at cost including a share of allocable expenses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised by using Straight Line method over the useful economic life and assessed for impairment whenever there is an

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indication that the intangible asset maybe impaired. Amortisation of Intangible assets is included in the depreciation and amortisation in the statement of Profit and Loss.

Sr. No.	Asset category	Life in years
1	Computer Software	3 - 5 years
2	Customer Relationship	5 years

The amortisation period and 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.

Intangible assets with indefinite useful lives, if any 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.

4.6. Borrowing Cost

Borrowing Costs net of any investment income from temporary investment of related borrowings that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized till the month in which the asset is ready to use, as part of the cost of that asset. Other borrowing costs are recognised as expenses in the period in which these are incurred.

4.7. Impairment of non-financial assets

The company assesses at each balance sheet date whether there is any indication due to internal or external factors that an asset or a group of assets comprising a Cash Generating Unit (CGU) may be impaired. If any such indication exists, the company estimates the recoverable amount of the assets. If such recoverable amount of the assets or the recoverable amount of the CGU to which the asset belongs is less than the carrying amount of the assets or the CGU as the case may be, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the profit and loss account. If at any subsequent balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the profit and loss account.

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Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. 'An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognised or relates to a change in the estimate of the recoverable amount in the previous periods.

4.8. Financial instruments – initial recognition and subsequent measurement

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.

a) Financial assets

(i) Initial recognition and measurement of financial assets

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 assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) Subsequent measurement of financial assets

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

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)

- Financial assets at amortised cost :

A financial asset is measured at amortised cost if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured by applying the effective interest rate (EIR) to the gross carrying amount of a financial asset if applicable. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

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- Financial assets at fair value through other comprehensive income

  A financial asset is measured at fair value through other comprehensive income if:

  - the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  After initial measurement, such financial assets, until they are derecognised or reclassified, are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income except for interest income, impairment gains or losses and foreign exchange gains and losses which are recognised in the statement of profit and loss.

- Financial assets at fair value through profit or loss

  A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

  Equity Instruments

  Investment in equity instruments issued by subsidiary are measured at cost.

  In addition, the company may elect to classify a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

  After initial measurement, such financial assets are subsequently measured at fair value with unrealised gains or losses recognised in the statement of profit and loss.

(iii) Derecognition of financial assets

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial asset expire, or
- The company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows

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in full without material delay to a third party 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

(iv) Reclassification of financial assets

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for.

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Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in the statement of Profit and loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to statement of profit and loss at the reclassification date.

(v) 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:

- Financial assets that are debt instruments, and are measured at amortised cost.
- Financial assets that are debt instruments and are measured as at FVOCI
- Lease receivables under Ind AS 116
- Trade receivables under Ind AS 115

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

- Trade receivables resulting from transactions within the scope of Ind AS 115, if they do not contain a significant financing component
- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 115 that contain a significant financing component,

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if the company applies practical expedient to ignore separation of time value of money, and

- All lease receivables resulting from transactions within the scope of Ind AS 116

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, 12-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 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 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 company expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the company is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

- Financial assets measured as at amortised cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria,

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the company does not derecognize impairment allowance from the gross carrying amount.

- Loan commitments: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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.

The company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

b) Financial Liabilities

(i) Initial recognition and measurement of financial liabilities

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities.

(ii) Subsequent measurement of financial liabilities

For the purposes of subsequent measurement, financial liabilities are classified and measured as follows:

- 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 statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated 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 risks are recognized 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

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of such liability are recognised in the statement of profit and loss. The company has not designated any financial liability as at fair value through profit and loss.

- Loans and Borrowings at amortised Cost

  This is the category most relevant to the company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and 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.

  Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividend on these preference shares are recognised in profit or loss as finance cost.

(iii) Derecognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognised from its balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

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 and loss.

4.9. Derivatives

Company uses derivative contracts to hedge its exposure against movements in foreign exchange rates. The use of derivative contracts is intended to reduce the risk or cost to the company. Derivative contracts are not used for trading or speculation purpose.

All derivatives are measured at fair value through the profit or loss unless they form part of a qualifying cash flow hedge, in which case the fair value is taken to reserves and released into the statement of profit and loss at the same time as the risks on the hedged instrument are recognised therein. Any hedge ineffectiveness will result in the relevant proportion of the fair value remaining in the statement of profit and loss. Fair values are derived primarily from discounted cash-flow models, option-pricing models and from third-party quotes. Derivatives are carried as assets when

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4.10. Foreign Currency Transactions

a. Initial Recognition

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

b. Conversion

Current assets and current liabilities, Secured Loans, being monetary items, designated in foreign currencies are revalorized at the rate prevailing on the date of Balance Sheet or forward contract rate or other appropriate rate.

c. Exchange Differences

Exchange differences arising on the settlement and conversion of foreign currency transactions are recognised as income or as expenses in the year in which they arise.

4.11. Leases

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

a. Company as a lessee

A lessee is required to recognise assets and liabilities for all leases and to recognise depreciation of leased assets separately from interest on lease liabilities in the statement of Profit and Loss. The Company uses the practical expedient to apply the requirements of this standard to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However, when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty the Company considers that lease to be no longer enforceable. Also according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, the lessee is not required to recognize right-of-use asset and a lease liability. The Company applies both recognition exemptions. The lease payments associated with those leases are generally recognized as an expense on a straight-line basis over the lease term or another systematic basis if appropriate.

Right-of-use Asset

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any

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accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Company also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

Lease Liability
Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Lease Modification
For a lease modification that is not accounted for as a separate lease, the company accounts for the re-measurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

b. Company as a lessor
Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of profit and Loss on a straight-line basis over the term of the lease.

4.12. Inventories

a. Raw materials, components, stores and spares are valued at cost or net realizable value whichever is lower. Cost includes all cost of purchase and incidental expenses incurred in bringing the inventories to their present location and condition.

b. Work-in-process including finished components and finished goods are valued at cost or realisable value whichever is lower. Cost includes direct materials, labour costs and a proportion of manufacturing overheads based on the normal operating capacity.

c. Materials-in-transit and materials in bonded warehouse are valued at actual cost incurred up to the date of balance sheet.

d. Unserviceable, damaged and obsolete inventory is valued at cost or net realisable value whichever is lower.

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

4.13. Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

4.14. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961 and book profit in case of minimum alternate tax under section 115JB of Income Tax Act, 1961 if applicable. 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 in other comprehensive income or directly in equity is recognised in other comprehensive income or in equity, respectively, and not in the statement of Profit and Loss. The 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 deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax liabilities are recognised only to the extent that it is probable that the temporary differences

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will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets are recognised for all deductible temporary differences including, 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 arrangements, 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 the statement of profit and loss is recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income 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 tax / GST

Expenses and assets are recognised net of the amount of GST, except:

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- When the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the GST 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 GST included.

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

4.15. Non-Current Assets held for sale and Discontinuing operations

A. Non-Current Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate use in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

B. Discontinuing operations

Discontinuing operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss account.

Assets and liabilities classified as held for distribution are presented separately from others assets and liabilities in the balance sheet.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

a) Represents a separate major line of business or geographical area of operations,

b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

c) Is a subsidiary acquired exclusively with a view to resale

An entity does not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

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4.16. Employee Benefits

a) Short Term Employee Benefits

The distinction between short term and long term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex-gratia, performance pay etc. and are recognised in the period in which the employee renders the related service.

b) Post-Employment Benefits

(i) Defined contribution plan

The company makes payment to state government provident fund scheme and employee state insurance scheme which are defined contribution plans. The contribution paid/payable under the schemes is recognised in the statement of profit and loss during the period in which the employee renders the related service. The company has no further obligations under these schemes beyond its periodic contributions.

(ii) Defined benefit plan

The employee's gratuity fund scheme is Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.
Re-measurements, 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. Re-measurements are not reclassified to the profit or loss in subsequent periods.

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

- The date of the plan amendment or curtailment, and
- 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 statement of profit and loss:

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

(iii) Other than the Defined contribution plan and Defined benefit plan disclosed above, the company does not offer any other Long term employment benefits or Termination benefits to its employees.

4.17. Provisions and Contingencies

Necessary provisions are made for the present obligations that arise out of past events entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

However a disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

4.18. Revenue Recognition

The company recognizes revenue, when or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's creditworthiness.

Revenue is the transaction price the company expects to be entitled to. Variable consideration is included in the transaction price if it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved.

The amount of variable consideration is calculated by either using the expected value or the most likely amount depending on which is expected to better predict the amount of variable consideration.

Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the company. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not observable, the company reasonably estimates

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Performance obligations are identified based on individual terms of contract. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not observable, the company reasonably estimates them. Revenue is recognized for each performance obligation either at a point in time or over time.

The incremental cost to obtain a contract are recognised as an asset if the company expects to recover those cost over the period of contract. Company recognises the incremental costs of obtaining a contract as an expense, when incurred, if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

Contract Balances

Trade Receivable

The amounts billed on customer for work performed and are unconditionally due for payment i.e. only passage of time is required before payment falls due, are disclosed in the Balance Sheet as trade receivables.

Contract Liability

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised when the company performs under the contract.

Other Income

Interest Income from a Financial Asset

Interest Income from a Financial Asset is recognized using effective interest rate method.

Others

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

4.19. Government Grant

Grants and subsidies from the government are recognized if the following conditions are satisfied,

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- There is reasonable assurance that the company will comply with the conditions attached to it.
- Such benefits are earned and reasonable certainty exists of the collection.

Export Incentives

Export incentives under various schemes notified by government are accounted for in the year of exports as grant related to income and is recognized as other operating income in the statement of profit and loss if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

4.20. Cash dividend

The company recognises a liability to make cash distributions to the equity holders of the company when the distribution is authorised and the distribution is no longer at the discretion of the company. As per the provisions of Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions, if any, are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

4.21. Earnings Per Share

Earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.
For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares

4.22. Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the company are segregated.
Cash and cash equivalents (including bank balances) shown in the Statement of cash flows exclude items which are not available for general use as at the date of the Balance sheet.

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4.23. Segment Reporting

a. Identification of Segments

The company has identified Domestic Business and Exports Business as its reportable segments. The company is engaged in the business of manufacturing and sales of Submersible Pumps, Electric Motors, Electrical Switches and spares thereof.

b. Allocation of common costs

Common allocable costs are allocated to the Domestic Business Segment based on sales of Domestic Business segment to the total sales of the company.

c. Unallocated items

Corporate assets and liabilities, income and expenses which relate to the company as a whole and are not allocable to segments, are included under other reconciling items.

4.24. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of acquisition date fair values of the assets transferred by the company, liabilities incurred by the company to the former owners of the acquiree and the equity interests issued by the company in exchange for control of the acquire. Acquisition related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of,

- the sum of consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any)
- over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

When the consideration transferred by the company in a business combination includes assets or liabilities resulting from a contingent arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as an asset or liability is re-measured at subsequent reporting dates in accordance with Ind AS 109 Financial Instruments or Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets, with the corresponding gain or loss being recognised in profit or loss.

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5. Additional Notes to the Financial Statements

5.1. Contingent Liabilities

	As at 31 Mar 2021	As at 31 Mar 2020
	(₹ in Lakhs)	
Contingent Liabilities not provided for		
a. Disputed Sales Tax Demands (₹ 7.38 Lakhs paid as deposit)	535.22	176.63
b. Disputed ESI Demands (₹3.10 Lakhs paid as deposit)	29.55	26.17
c. Performance Bank Guarantee Outstanding	1071.41	1549.56
	1636.18	**1752.36**

5.2. Commitments

(i) Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of advances) as on 31st March 2021 is ₹ 62.64 lakhs (₹ 2949.11 lakhs as on 31st March 2020)

(ii) Aggregate amount of Bank Guarantees other than the Performance Guarantees outstanding as on 31st March 2021 is ₹ 163.00 lakhs (₹ 59.97 lakhs as on 31st March 2020)

(iii) Leases

a. **Profit and Loss information**

Depreciation charge on right-of-use assets:

(₹ in Lakhs)

Particulars	2020-21	2019-20
Buildings	255.42	178.22
Total	**255.42**	**178.22**

Interest expense on lease liabilities:

(₹ in Lakhs)

Particulars	2020-21	2019-20
Buildings	45.76	7.58
Total	**45.76**	**7.58**

Others:

(₹ in Lakhs)

Particulars	2020-21	2019-20
Expense recognised in respect of low value leases	-	-
Expense recognised in respect of short term leases	-	-
Aggregate undiscounted commitments for short-term leases	-	-

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b. **Maturity analysis of lease liabilities**

(₹ in Lakhs)

Particulars	As at 31-March-2021	As at 31-March-2020	As at 1-April-2019
Less than 1 year	162.94	70.40	125.76
Between 1 year to 5 years	312.33	310.79	55.95
More than 5 years	-	-	-

c. **Total cash outflow for leases**

(₹ in Lakhs)

Particulars	2020-21	2019-20
Amortization of the lease liabilities (including advance payments)	140.48	100.00
Short term leases and low-value asset leases not included in the measurement of the liabilities	-	-
Total	**140.48**	**100.00**

d. **Other Information**

Nature of leasing activity

The Company has leases for Office Building, Factory Buildings and Warehouse. Certain lease contracts provide for payments to increase each year by inflation or and in others to be reset periodically to market rental rates. While other lease contracts comprise only fixed payments over the lease terms.

Extension and termination options

The use of extension and termination options gives the Company added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Company's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost. Existing lease agreement do not have any extension option.

5.3. **Payment to Auditors (Net of Taxes)**

(₹ in Lakhs)

Sr. No.	Particulars	2020-21	2019-20
A	Statutory Auditors		
	a. As Auditors	**17.80**	**12.20**
	Audit & Assurance Fees	13.75	8.25
	Limited Review	1.80	1.70
	Tax Audit Fees	2.25	2.25
	b. Certification fees	0.83	1.00
	c. Reimbursement of expenses	0.20	0.12
	TOTAL (A)	**18.83**	**13.32**

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(₹ in Lakhs)

Sr. No.	Particulars	2020-21	2019-20
B	Cost Auditors		
	a. As auditors	1.25	1.25
	b. Certification fees	0.25	0.25
	c. Reimbursement of expenses	0.00	0.03
	TOTAL (B)	**1.50**	**1.53**
	Grand Total (A+B)	**20.33**	**14.85**

5.4. The Company's exports qualify for export benefits offered in the form of duty credit scrips and duty drawback under foreign trade policy framed by Department General of Foreign Trade (DGFT). Income accounted towards such export incentives and duty drawback amounts to ₹ 487.93 Lakh in FY 2020-21 (2019-20 ₹ 469.30 Lakh) included in revenue from operations

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La-gajjar Machineries Private Limited
Notes to the Financial Statements

5.5 : Disclosure pursuant to Employee benefits

A. Defined contribution plans:
Amount of Rs. 138.77 Lakhs (31 March 2020 : Rs. 161.39 Lakhs) is recognised as expenses and included in Note No. 27 "Employee Benefits Expense"

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

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

₹ in Lakhs

	April 1, 2020	Gratuity cost charged to statement of profit and loss			Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	March 31, 2021
		Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 27)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
Gratuity												
Defined benefit obligation	-272.81	-27.61	-18.66	-46.27	74.04	-	-	-0.99	7.54	6.55	-	-238.49
Fair value of plan assets	218.81	-	14.97	14.97	-74.04	-2.85	-	-	-	-2.85	54.00	210.89
Benefit liability	-54.00	-27.61	-3.69	-31.30	-	-2.85	-	-0.99	7.54	3.70	54.00	-27.60
Total benefit liability	**-54.00**	**-27.61**	**-3.69**	**-31.30**	**-**	**-2.85**	**-**	**-0.99**	**7.54**	**3.70**	**54.00**	**-27.60**

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

₹ in Lakhs

	April 1, 2019	Cost charged to statement of profit and loss			Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	March 31, 2020
		Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 27)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
Gratuity												
Defined benefit obligation	-211.66	-21.85	-16.49	-38.34	6.04	-	8.51	-32.35	-5.01	-28.85	-	-272.81
Fair value of plan assets	189.41	-	14.76	14.76	-6.04	-1.57	-	-	-	-1.57	22.25	218.81
Benefit liability	-22.25	-21.85	-1.73	-23.58	0.00	-1.57	8.51	-32.35	-5.01	-30.42	22.25	-54.00
Total benefit liability	**-22.25**	**-21.85**	**-1.73**	**-23.58**	**0.00**	**-1.57**	**8.51**	**-32.35**	**-5.01**	**-30.42**	**22.25**	**-54.00**

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The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows: ₹ in Lakhs

Particulars	Year ended March 31, 2021 Rs.	Year ended March 31, 2020 Rs.
Special Deposit Scheme	-	-
(%) of total plan assets	-	-
Insured managed funds	210.89	216.81
(%) of total plan assets	100%	100%
Others	-	-
(%) of total plan assets	-	-

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	6.80%	6.84%
Future salary increase	7.00%	7.00%
Expected rate of return on plan assets	6.80%	6.84%
Expected average remaining working lives (in years)	13	14
Withdrawal rate (based on grade and age of employees)		
For service 4 years and below	15%	15%
For service 5 years and above	3%	3%

A quantitative sensitivity analysis for significant assumption is as shown below:
Gratuity ₹ in Lakhs

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact) Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	1% increase	22.92	23.88
	1% decrease	-26.99	-28.57
Future salary increase	1% increase	-23.56	-25.00
	1% decrease	20.90	21.79
Withdrawal rate	1% increase	-0.05	-0.43
	1% decrease	0.01	0.53

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

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

Particulars	Year ended March 31, 2021 Rs.	Year ended March 31, 2020 Rs.
Within the next 12 months (next annual reporting period)	27.91	58.70
Between 2 and 5 years	41.19	48.31
Beyond 5 years	497.66	539.87
Total expected payments	566.76	646.88

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

Particulars	Year ended March 31, 2021 Years	Year ended March 31, 2020 Years
Gratuity	12.00	11.00

The followings are the expected contributions to planned assets for the next year: ₹ in Lakhs

Particulars	Year ended March 31, 2021 Rs.	Year ended March 31, 2020 Rs.
Gratuity	56.06	71.92

C. Funding Policy
The Company has a defined benefit gratuity plan in India (funded). The company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund.

The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

D. Risk Exposure
Gratuity is a defined benefit plan and company is exposed to the Following Risks:

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Interest rate risk : A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk : The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk : The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk : The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk : Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Concentration Risk : Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

5.6. The company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act) as at 31 Mar 2021. The disclosure pursuant to the said Act is as under.

(₹ in Lakhs)

Particulars	**2020-21**	**2019-20**
Total outstanding to MSME suppliers (Excluding Interest & Advance)	5382.68	3184.54
Payment made to suppliers (other than interest) beyond the appointed day, during the year	12068.26	1.58
Interest due and payable to suppliers under MSMED Act, for the payments already made	33.98	0.00
Interest due on principal amount remaining unpaid	1.19	0.61
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	222.01	186.84

The Information has been given in respect of such vendors on the basis of information available with the company.

5.7. The company has identified Domestic Business and Export Business as its reportable segments.

(a) Profit (before exceptional items and tax) of reportable segment

(₹ in Lakhs)

Particulars	**2020-21**			
	Domestic Business Segment	**Exports Business Segment**	**Other Reconciling Amounts**	**Consolidated Total**
Segment Revenue	39,038	12,945	-	51,983
Total Revenue	**39,038**	**12,945**	**-**	**51,983**
Profit Before exceptional items and tax	**2,105**	**1,400**	**-834**	**2,671**
Depreciation and Amortisation	310	133	148	591
Finance Cost	483	159	-	642

(₹ in Lakhs)

Particulars	**2019-20**			
	Domestic Business Segment	**Exports Business Segment**	**Other Reconciling Amounts**	**Consolidated Total**
Segment Revenue	35,555	11,154	-	46,709
Total Revenue	**35,555**	**11,154**	**-**	**46,709**
Profit Before exceptional items and tax	**972**	**2,009**	**-655**	**2,326**
Depreciation and Amortisation	319	130	88	537
Finance Cost	594	177	-	771

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(b) Capital employed of reportable segment

(₹ in Lakhs)

Particulars	2020-21			
	Domestic Business Segment	Exports Business Segment	Other Reconciling Amounts	Consolidated Total
Assets	20,714	7,230	1,785	29,729
Liabilities	15,480	5,079	1,168	21,727
Capital employed	5,234	2,151	617	8,002

(₹ in Lakhs)

Particulars	2019-20			
	Domestic Business Segment	Exports Business Segment	Other Reconciling Amounts	Consolidated Total
Assets	17,360	5,481	1,485	24,326
Liabilities	13,784	4,181	313	18,278
Capital employed	3,576	1,300	1,172	6,048

(c) The company has not made net sales exceeding 10 percent of its total revenue to a single customer (2019-20 ₹ 5722.19 lakhs).

5.8. Related parties have been identified as defined under paragraph 9 of Indian Accounting Standard (Ind AS) 24, "Related Party Disclosures"

5.9. **(A) Description of Related Parties**

i) Name of the related party and nature of relationship where control exists:

Sr. No.	Related Party Category	Company
1	Holding Company	Kirloskar Oil Engines Ltd.
2	Entity Controlled by Company	Optiqua Pipes And Electricals Pvt. Ltd. (incorporated on 19 February 2021)
3	Post- Employment benefit plan of Company	La-Gajjar Machineries Pvt. Ltd. Employees Group Gratuity Trust
4	Entity controlled by Key Managerial Personnel	Truangle Technologies LLP
		Varuna Engineers Pvt. Ltd.
		Derwent Crystal Pvt. Ltd.
		Snow Leopard Technology Ventures, LLP
		Beluga Whale Capital Management Pte. Ltd.
		Fantasy Games LLP (Upto 23 July 2020)
		Sheth & Gajjar Realty LLP (Upto 23 July 2020)
		Lakom Electricals Pvt. Ltd. (Upto 23 July 2020)
		La-Gajjar Pumps Pvt. Ltd. (Upto 23 July 2020)

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Sr. No.	Related Party Category	Company
5	Entity controlled by close member of Key Managerial Personnel	Fantasy Games LLP (w.e.f. 24 July 2020)
		Sheth & Gajjar Realty LLP (w.e.f. 24 July 2020)
		Lakom Electricals Pvt. Ltd. (w.e.f. 24 July 2020)
		La-Gajjar Pumps Pvt. Ltd. (w.e.f. 24 July 2020)
6	Entity controlled by Key Managerial Personnel of Holding Company	Kloudq Technologies Limited (upto 28 April 2020)
		Navsai Investments Private Limited
		Kirloskar Energen Private Limited
		Lakeland Universal Limited, BVI
		Kirloskar Solar Technologies Pvt. Ltd.
		Expert Quality Cloud Information Technology Pvt. Ltd. (Upto 28 April 2020)
7	Entity controlled by close member of Key Managerial Personnel of Holding Company	Alpak Investments Pvt. Ltd.
		Achyut & Neeta Holdings & Finance Pvt. Ltd. (Upto 28 April 2020)
8	Fellow Subsidiaries	KOEL Americas Corp., USA
		Arka Fincap Ltd.

ii) Key Management Personnel and their relatives:

Sr. No.	Name	Name of Relatives	Relationship
a	T. Vinodkumar (Chairman) (Upto 23 July 2020)	Bernadette Kumar	Wife
		Anisha Kumar	Daughter
b	Sanjeev Nimkar (Vice Chairman)	Ashwini Nimkar	Wife
		Ishita Nimkar	Daughter
		Sakshi Nimkar	Daughter
c	Udayan L. Gajjar	Varun Gajjar	Son
d	Pawan Kumar Agarwal (Chief Finance Officer – KOEL) (Director – LGM w.e.f. 23 July 2020)	Nirmal Kumar Agarwal	Father
		Sumitra Devi Agarwal	Mother
		Priti Agarwal	Wife
		Varun Agarwal	Son
		Tarun Agarwal	Son
e	Atul C. Kirloskar (Executive Chairman - KOEL)	Arti A. Kirloskar	Wife
		Gauri A. Kirloskar (Kolenaty)	Daughter
		Aditi A. Kirloskar (Sahni)	Daughter
		Rahul C. Kirloskar	Brother
		Suman C. Kirloskar	Mother
f	Nihal G. Kulkarni (Managing Director - KOEL) (Upto 28 April 2020)	Shruti N. Kulkarni	Wife
		Ambar G. Kulkarni	Brother
		Jyotsna G. Kulkarni	Mother

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Sr. No.	Name	Name of Relatives	Relationship
g	Rajendra R. Deshpande (Managing Director & CEO - KOEL) (Upto 28 April 2020)	Veena R. Deshpande	Wife
		Kaustubh R. Deshpande	Son
		Sourabh R. Deshpande	Son
h	Smita Raichurkar (Upto 23 July 2020)	Nayan Madhamshettiwar	Husband
		Ritika N. Madhamshettiwar	Daughter
i	Varun Gajjar (Upto 23 July 2020)	Nirali Gajjar	Wife
j	Gauri Kirloskar	Christopher Kolenaty	Husband
		Pia Kolenaty	Daughter
		Maya Kolenaty	Daughter

(B) Transactions with Related Parties

(₹ in Lakhs)

Sr. No.	Nature of the transaction / relationship / major parties	2020-21		2019-20	
		Amount	Amount from major parties	Amount	Amount from major parties
1	**Gross Sales (Net of sales return)**				
	Holding Company	**2824.52**		**1529.25**	
	Kirloskar Oil Engines Limited		2824.52		1529.25
	Total	**2824.52**	**2824.52**	**1529.25**	**1529.25**
2	**Sales Return**				
	Entity controlled by Key Managerial Personnel of Holding Company	**72.53**		**-**	
	Kirloskar Oil Engines Limited		72.53		-
	Total	**72.53**	**72.53**	**-**	**-**
3	**Rendering of Services from**				
	Key Management Personnel	**17.80**		**4.60**	
	Udayan L. Gajjar		2.80		0.60
	T. Vinodkumar		1.60		1.00
	Sanjeev Nimkar		5.30		1.00
	Smita Raichurkar		0.80		1.00
	Varun Gajjar		0.80		0.80
	Gauri Kirloskar		2.40		0.20
	Pawan Kumar Agarwal		4.10		-
	Total	**17.80**	**17.80**	**4.60**	**4.60**

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LA-GAJJAR MACHINERIES PRIVATE LIMITED

(₹ in Lakhs)

Sr. No.	Nature of the transaction / relationship / major parties	2020-21		2019-20	
		Amount	Amount from major parties	Amount	Amount from major parties
4	**Rent / Lease Rentals Paid to**				
	Entity controlled by Key Managerial Personnel (Net of Taxes)	**101.50**		**101.50**	
	Truangle Technologies LLP (Lease Rent)		100.00		100.00
	La-Gajjar Pumps Pvt. Ltd. (Rent)		1.50		1.50
	Total	**101.50**	**101.50**	**101.50**	**101.50**
5	**Software Purchase**				
	Entity controlled by Key Managerial Personnel of Holding Company	**-**		**11.73**	
	Kloudq Technologies Ltd		-		11.73
	Total	**-**	**-**	**11.73**	**11.73**
6	**Expenses paid to**				
	Holding Company	**247.48**		**167.03**	
	Kirloskar Oil Engines Ltd.		247.48		167.03
	Entity controlled by Key Managerial Personnel of Holding Company	**-**		**7.76**	
	Kloudq Technologies Ltd		-		7.76
	Total	**247.48**	**247.48**	**174.79**	**174.79**
7	**Expense Paid in Advance to**				
	Holding Company	**24.66**		**16.01**	
	Kirloskar Oil Engines Ltd.		24.66		16.01
	Total	**24.66**	**24.66**	**16.01**	**16.01**
8	**Reimbursement / (recovery) of Expenses**				
	Entity controlled by Key Managerial Personnel	**0.10**		**0.09**	
	La-Gajjar Pumps Pvt. Ltd.		0.10		0.09
	Entity Controlled by Company	**(3.57)**			
	Optiqua Pipes and Electricals Private Limited (w.e.f 19 Feb 21)		**(3.57)**		
	Total	**(3.47)**	**(3.47)**	**0.09**	**0.09**
9	**Rent Deposit & Pre-paid Rent**				
	Entity controlled by Key Managerial Personnel	**33.33**		**33.33**	
	Truangle Technologies LLP		33.33		33.33
	Total	**33.33**	**33.33**	**33.33**	**33.33**

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(₹ in Lakhs)

Sr. No.	Nature of the transaction / relationship / major parties	2020-21		2019-20	
		Amount	Amount from major parties	Amount	Amount from major parties
10	**Recovery of Rent Deposit**				
	Entity controlled by Key Managerial Personnel	-		100.00	
	Truangle Technologies LLP		-		100.00
	Total	-	-	100.00	100.00
11	**Issue of Preference Shares**				
	Holding Company	850.00		-	
	Kirloskar Oil Engines Ltd.		850.00		-
	Total	850.00	850.00	-	-
12	**Interest paid / (recovered)**				
	Holding Company	1.68		-	
	Kirloskar Oil Engines Ltd.		1.68		-
	Total	1.68	1.68	-	-
13	**Contributions Paid**				
	Post-Employment benefit plan of the Company	27.60		54.00	
	La-Gajjar Machineries Pvt. Ltd. Employees Group Gratuity Trust		27.60		54.00
	Total	27.60	27.60	54.00	54.00
14	**Investment in Unquoted Equity shares**				
	Entity Controlled by Company	5.00		-	
	Optiqua Pipes and Electricals Private Limited (w.e.f 19 Feb 21)		5.00		-
	Total	5.00	5.00	-	-

(₹ in Lakhs)

Sr. No.	Nature of the transaction / relationship / major parties	As at 31 March 2021		As at 31 March 2020	
	Outstanding				
1	**Accounts Receivable**				
	Holding Company	603.73		305.14	
	Kirloskar Oil Engines Ltd.		603.73		305.14
	Entity Controlled by Company	3.57		-	
	Optiqua Pipes and Electricals Private Limited (w.e.f 19 Feb 21)		3.57		-
	Entity controlled by Key Managerial Personnel of Holding Company	-		(1.09)	
	Kloudq Technologies Ltd		-		(1.09)
	Total	607.30	607.30	304.05	304.05

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Sr. No.	Nature of the transaction / relationship / major parties	As at 31 March 2021		As at 31 March 2020	
2	**Accounts Payable**				
	Key Management Personnel	**17.80**		-	
	Commission				
	Udayan L. Gajjar		2.80		-
	T. Vinodkumar		1.60		-
	Sanjeev Nimkar		5.30		-
	Smita Raichurkar		0.80		-
	Varun Gajjar		0.80		-
	Gauri Kirloskar		2.40		-
	Pawan Kumar Agarwal		4.10		-
	Total	**17.80**	**17.80**	**-**	**-**
3	**Rent Deposit& Pre-paid Rent**				
	Entity controlled by Key Managerial Personnel	**1233.33**		**1233.33**	
	Truangle Technologies LLP		1233.33		1233.33
	Total	**1233.33**	**1233.33**	**1233.33**	**1233.33**

The above figures do not include provision for leave encashment and gratuity, as actuarial valuation of such provision for the Key Management Personnel is included in the total provision for Leave encashment & gratuity.

Terms and conditions of transactions with related parties

Transactions entered into with related party are made in ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2021, the company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: ₹ Nil). This assessment is undertaken during each financial year through examining the financial position of the related party and the market in which the related party operates.

Commitments with related parties

During the year 2017-18 the company had entered into a lease contract with Truangle Technologies LLP which is agreed to be further extended with certain lock-in period. The Company is committed to pay lease rental of ₹3,69,50,000 upto 31 July, 2023. (31 March 2020: ₹4,69,50,000).

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Transactions with key management personnel

Compensation of key management personnel of the company

(₹ in Lakhs)

Particulars	2020-21	2019-20
Short-term employee benefits	-	-
Sitting Fees	-	4.60
Commission	17.80	-
Total compensation paid to key management personnel	**17.80**	**4.60**

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

The above figures do not include provision for leave encashment and gratuity, as actuarial valuation of such provision for the Key Management Personnel is included in the total provision for Leave encashment & gratuity.

5.10. Earnings Per Share (Basic and Diluted)

Particulars	2020-21	2019-20
Profit for the year after tax (₹ in Lakhs)	1950.65	1,643.43
Total number of equity shares at the end of the year (One Equity share of face value of ₹ 10/- each)	10,76,000	10,76,000
Weighted average number of equity shares for the purpose of computing Earnings Per Share	10,76,000	10,76,000
Basic and Diluted Earnings Per Share (in ₹)	181.29	152.74

Earnings per share are calculated in accordance with Indian Accounting Standard (Ind AS) 33, "Earnings Per Share".

5.11. Revenue Recognition

(A) Set out below is the disaggregation of the company's revenue from contracts with its customers :

(₹ in Lakhs)

Particulars	Domestic Business	Export Business	Total
Revenue from contracts with customers	38,452.61	12,457.49	50,910.10

(B) The company has generated revenue of ₹ 231.44 Lakhs during the year from its Contract Liabilities as on 1 April, 2020.

(C) The company generally recognizes revenue when the performance obligation is satisfied at a point in time when the control is transferred i.e. either on shipment or upon delivery in domestic and in case of export on the date of bill of lading. The payment is due from the date of sales and are generally on terms of 30 days to 120 days.

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(D) The company is in the business of manufacturing and trading of Electric Pumpsets and related spares and has a single obligation of delivery of goods as per the commercial contract terms with its customers. In some cases the company also provides extended warranty to its customers.

(E) The company provides to its customers warranties in the forms of repairs or replacement under its standard terms and recognizes it as warranty provision as per Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets"

(F) As on 31st March, 2021, the company has unsatisfied performance obligation of ₹308.18 Lakhs of which ₹159.03 Lakhs will be recognized as revenue in financial year 2021-22 and remaining in subsequent years based on contractual terms.

(G) Reconciliation of the company's revenue from contract price with revenue recognized in the statement of Profit and Loss is as follows :

(₹ in Lakhs)

Particulars	2020-21	2019-20
Revenue as per Contract	52,716.63	47,402.99
Less : Discounts and Incentives	1,806.53	2,089.11
Revenue from contracts with customers	**50,910.10**	**45,313.88**

5.12. Fair value disclosures for financial assets and financial liabilities

The management believes that the fair values of non-current financial assets (e.g., investments at FVPL, loans and others),current financial assets (e.g., cash and cash equivalents, trade and other receivables, loans), non-current financial liabilities and current financial liabilities(e.g. Trade payables and other payables and others) approximate their carrying amounts.

5.13. Financial instruments risk management objectives and policies

The company's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support the company's operations. The company's principal financial assets include investments, loans, trade and other receivables, cash and short-term deposits and other financial assets that have been derived directly from its operations. The company had entered into derivative transactions in the past, however no such transactions have taken place during the current financial year.

The company is exposed to market risk, credit risk and liquidity risk. The company's senior management oversees the management of these risks. The Audit Committee and Board review financial risks and the appropriate risk governance framework for the company's financial risks are identified, measured and managed in accordance with the company's policies and risk objectives. It is the company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of

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Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, investments, trade and other receivables, trade and other payables and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2021 and 31 March 2020.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity provisions.

The following assumption has been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit and loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2021 and 31 March 2020.

i) Interest rate risk

a. Exposure

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.

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Long Term Fixed Interest Loans	858.60	22.53
Short Term Fixed Interest Loans	0.00	0.00
Long Term Floating Interest Loans	980.59	1,852.27
Short Term Floating Interest Loans	7,867.04	6,966.32

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b. Interest Rate Sensitivity

(₹ in Lakhs)

Financial Year	Change in Interest rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2021	+50 bps	(44.17)	(44.17)
	-50 bps	44.17	44.17
March 31, 2020	+50 bps	(41.13)	(41.13)
	-50 bps	41.13	41.13

The sensitivity is calculated only in respect of floating interest rate loan. It is calculated by changing the interest rates by 50 bps keeping all other factors constant.

ii) 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 risk of changes in foreign exchange rates relates primarily to the company's operating activities (when revenue or expense is denominated in a foreign currency).

Amounts in Foreign Currencies

Nature of Exposure	Currency	31 March 2021	31 March 2020
Receivable	USD	38,63,749	29,68,946
	EUR	-	-
Payable	USD	35,28,868	28,56,915
	EUR	26,000	19,500

The company manages its foreign currency risk by hedging transactions related to sales & purchases.

At 31 March 2021 and 31 March 2020, the company has hedged NIL and NIL USD and EURO respectively, of its total foreign currency exposure. When foreign currency risk is hedged, the company uses foreign currency forward contracts.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD & EURO exchange rates, with all other variables held constant. The impact on the company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the company's pre-tax equity is due to changes in profit before tax. The company's exposure to foreign currency changes for all other currencies is not material.

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(₹ in Lakhs)

Financial Year	Change in USD rate	Effect on profit before tax	Effect on pre-tax equity
31 March, 2021	+5%	9.68	9.68
	-5%	(9.68)	(9.68)
31 March, 2020	+5%	2.13	2.13
	-5%	(2.13)	(2.13)

(₹ in Lakhs)

Financial Year	Change in EURO rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2021	+5%	(1.13)	(1.13)
	-5%	1.13	1.13
31 March 2020	+5%	(0.82)	(0.82)
	-5%	0.82	0.82

iii) Commodity price risk

The company is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase and manufacture of Pumps & Motors and therefore require a continuous supply of copper, steel and Iron. However, Company being the indirect user of these commodities, volatility in price of such commodity does not have direct or immediate impact on the profitability of the company. Hence, the company does not foresee any direct or immediate risk with respect to such commodity price fluctuation.

iv) Other Price Risk

The company does not hold investments in equity or mutual fund as on the date of Balance Sheet and hence it is not exposed to any such risks.

b) Credit risk

Credit risk is the risk that counter party 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, foreign exchange transactions and other financial instruments.

Trade receivables

Receivables are reviewed, managed and controlled for each class of customers separately. Credit exposure risk is mainly influenced by class / type of customers, depending upon their characteristics. Credit risk is managed through credit approval process by establishing credit limits along with continuous monitoring of credit

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worthiness of customers to whom credit terms are granted. Wherever required, credit risk of receivables is further covered through letter of credit, bank guarantee, business deposits and such other forms of credit assurance schemes.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are combined into homogenous category and assessed for impairment collectively. The calculation is based on actual incurred historical data. 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 spread over vast spectrum.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the company in accordance with the company's policy. Investments of surplus funds are made as per the approved investment policy. Investment limits are set to minimise the concentration of risks and therefore mitigate financial loss if any.

c) Liquidity risk

The company monitors its risk of a shortage of funds using a liquidity planning tool.

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

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the company to manage risk concentrations at both the relationship and industry levels.

(i) The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments:

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(₹ in Lakhs)

Particulars	On demand	less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total
Year ended 31 March, 2021						
Interest bearing borrowings	7,867.04	208.47	366.73	1,263.99	0.00	**9,706.23**
Lease Liability	0.00	0.85	162.09	312.33	0.00	**475.27**
Other financial liabilities	114.13	104.43	174.80	0.00	56.71	**450.07**
Trade payables	488.90	9,001.87	0.00	0.00	0.00	**9,490.77**
Derivatives	-	-	-	-	-	**0.00**
	8,470.07	**9,315.62**	**703.62**	**1,576.32**	**56.71**	**20,122.34**
Year ended 31 March, 2020						
Interest bearing borrowings	6,966.32	55.03	625.57	1,194.20	0.00	**8,841.12**
Lease Liability	0.00	0.00	70.40	310.79	0.00	**381.19**
Other financial liabilities	122.37	91.11	164.98	0.00	60.58	**439.04**
Trade payables	867.60	5,990.04	0.00	0.00	0.00	**6,857.64**
Derivatives	-	-	-	-	-	**0.00**
	7,956.29	**6,136.18**	**860.95**	**1,504.99**	**60.58**	**16,518.99**

(ii) Net Debt Reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year ended 31 March 2021

Particulars	31 March 2021	31 March 2020
Cash and cash equivalents	12.42	22.32
Current borrowings	(7,867.04)	(6,966.32)
Non-current borrowings	(1,839.19)	(1,874.80)
Net Debt	**(9,693.81)**	**(8,818.80)**

Particulars	Cash and cash equivalents	Current borrowings	Non-current borrowings	Total
Net debt as on 1 April 2020	**22.32**	**(6,966.32)**	**(1,874.80)**	**(8,818.80)**
Cash flows	(9.90)	(900.72)	35.61	(875.01)
Net debt as on 31 March 2021	**12.42**	**(7,867.04)**	**(1,839.19)**	**(9,693.81)**

5.14. Capital management

For the purpose of the company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

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The company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the current year ended 31 March 2021 in comparison to the previous year ended 31 March 2020.

5.15. Expenditure on CSR Activities

(₹ in Lakhs)

1	Gross amount required to be spent by the company during the year	12.59
2	Amount spent during the year	12.65

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NOTE 33: Standards issued but not yet effective

Following exposure drafts have been issued by the Institute of Chartered Accountants of India:

1. **Amendment to Ind AS 116, "Leases" - Covid-19-Related Rent Concessions beyond 30 June 2021**

   On 24 July 2020, the MCA issued the Companies (Indian Accounting Standard) Amendment Rules, 2020 which amended Ind AS 116 to provide relief for lessees in accounting for eligible rent concessions upto 31 July 2021 that are a direct consequence of COVID-19. The exposure draft on amendments to Ind AS 116 issued by the Institute of Chartered Accountants of India proposes amendments to extend the relief for lessees in accounting for eligible rent concessions upto 31 July 2022.

2. **Amendment to Ind AS 116, "Leases" - Interest Rate Benchmark Reform: Phase 2**

   The exposure draft on amendments to Ind AS 116 issued by the Institute of Chartered Accountants of India proposes amendments to include a practical expedient in respect of all lease modifications that change the basis for determining future lease payments as a result of interest rate benchmark reform.

3. **Amendments to Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets" – Onerous Contracts**

   The exposure draft on amendments to Ind AS 37 issued by the Institute of Chartered Accountants of India proposes amendments regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

4. **Amendments to Ind AS 16, "Property, Plant and Equipment" – Proceeds before Intended Use**

   The exposure draft on amendments to Ind AS 16 issued by the Institute of Chartered Accountants of India proposes amendments regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

5. **Amendments to Ind AS 103, "Business Combinations" – Reference to the Conceptual Framework**

   The exposure draft on amendments to Ind AS 103 issued by the Institute of Chartered Accountants of India proposes amendments to change out updated reference to "Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards" and update it with reference to "Conceptual Framework for Financial Reporting under Indian Accounting Standards". It also proposes certain consequential amendments.

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6. **Amendments to 101, "First-time Adoption of Indian Accounting Standards" – Subsidiary as a First-time Adopter**
   The exposure draft on amendments to Ind AS 101 issued by the Institute of Chartered Accountants of India proposes amendments to simplify the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

7. **Amendments to 41, "Agriculture" – Taxation in Fair Value Measurements**
   The exposure draft on amendments to Ind AS 41 issued by the Institute of Chartered Accountants of India proposes amendments to remove a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in Ind AS 41 with those in other Ind AS's.

8. **Amendments to Ind AS 109, "Financial Instruments" and Ind AS 107, "Financial Instruments: Disclosures" - Interest Rate Benchmark Reform: Phase 2**
   The exposure draft on amendments to Ind AS 109 and Ind AS 107 issued by the Institute of Chartered Accountants of India proposes amendments to assist entities in providing useful information about the effects of the transition to alternative benchmark rates and support preparers in applying the requirements of Ind AS's when changes are made to contractual cash flows or hedging relationships as a result of the transition to an alternative benchmark interest rate.

9. **New Indian Accounting Standard (Ind AS) 117, Insurance Contracts**
   The exposure draft of Ind AS 117 is issued by the Institute of Chartered Accountants of India as replacement for Ind AS 104 Insurance Contracts.

10. **Amendments to Division I, II and III of Schedule III**
    On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of schedule III and are applicable from April 1, 2021. The amendments are extensive and the company will evaluate the same to give effect to them as required by law.

The above exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2021 as at the date of approval of these financial statements. On issue of the amendment by MCA, the Company would evaluate the impact of the change in the standalone financial statements.

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NOTE 34: Salient features of the financial statements of subsidiary for the year ended 31 March 2021

Form AOC-1

In accordance with section 129(3) of the Companies Act, 2013, the salient features of the financial statements of subsidiaries are given below:

(₹ in Lakhs)

Sr. No.	Particulars	Optiqua Pipes And Electricals Private Limited
a	The date since when subsidiary was Acquired / Incorporated	19-Feb-2021
b	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.
c	Reporting currency as on the last date of the relevant financial year in the case of foreign subsidiaries	INR
d	Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	-
e	Share capital	5.00
f	Reserves and surplus	(0.96)
g	Total assets	8.11
h	Total liabilities	4.07
i	Investments	-
j	Turnover	-
k	Profit / (Loss) before tax	(1.01)
l	Provision for tax	(0.05)
m	Profit / (Loss) after tax	(0.96)
n	Proposed dividend	-
o	% of shareholding	99.998%

P.G. BHAGWAT LLP * CHARTERED ACCO[UNTANTS] PUNE

LA-GAJJAR MACHINERIES PRIVATE LIMITED

NOTE 35: Previous year's figures have been re-grouped wherever considered necessary to make them comparable with those of the current year.

All amounts disclosed in financial statements and notes are presented in "Rupees Lakhs" and have been rounded off to two decimal places as per the requirement of Division II of Schedule III to the Act, unless otherwise stated.

Signatures to Note 1 to 35, forming part of the Financial Statements.

As per our attached report of even date

FOR P G BHAGWAT LLP
Chartered Accountants
Firm Registration Number : 101118W/ W100682

NACHIKET DEO
Partner
Membership Number: 117695

P.G. BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

Pune : 30 April, 2021

For and on behalf of the Board of Directors

SANJEEV NIMKAR
Vice Chairman
DIN: 07869394

PAWAN KUMAR AGARWAL
Director
DIN: 02723352

Sd/-
CHINTAN VYAS
Finance Head

Pune : 30 April, 2021

INDEPENDENT AUDITOR'S REPORT

To The Members of LA- GAJJAR MACHINERIES PRIVATE LIMITED

Report on the Audit of the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS Financial Statements of LA- GAJJAR MACHINERIES PRIVATE LIMITED (hereinafter referred to as the "Holding Company") and Optiqua Pipes And Electricals Private Limited ("the subsidiary") (Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2021, and the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of Changes in Equity and the consolidated statement of Cash Flows for the year then ended, and notes to the consolidated Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us , the aforesaid consolidated 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 consolidated state of affairs of the Group as at March 31, 2021, their consolidated profit (including other comprehensive Income), consolidated changes in equity and their consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of consolidated 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 consolidated Ind AS Financial Statements' section of our report. We are independent of the Group 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 consolidated Ind AS 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 consolidated Ind AS Financial Statement.

Emphasis of Matter

We draw your attention to Note No. 31.1 to the consolidated Ind AS Financial Statements, which describes the details of definitive business transfer Agreement (BTA) entered into by Subsidiary Company.

Our opinion is not modified in respect of this matter

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report.

<u>Valuation of Inventory:</u>

The Group has at balance sheet date Inventory amounting to Rs. 11,099.74 Lakhs as disclosed in Note 6 which constitute 37% of total assets of the company. The inventory is valued at the lower of cost and net realizable value. Refer to Note 31.4.12 which describes the Groups' accounting policy on valuation of inventory. The Inventory valuation is considered as Key Audit matter considering size of balance, price volatility of raw material, management estimate in respect of realisable value and the changes in IT system impacting valuation process at various stages of manufacture and related controls.

Our audit methodology included the following:

- Obtained an understanding and assessed internal controls and its effectiveness along with changes in such processes due to change in IT system with respect to process of Inventory recording, verification and valuation

- Reviewed the management's inventory verification process, observed the physical verification process for sample items, taken cognizance and assessed the trend of past inventory differences and received confirmations from the subcontractors for testing the assertion of existence.

- Performed cut off procedures on test check basis to ensure completeness of Inventory.

- Tested on sample basis the accuracy of weighted average cost and Overhead absorption for Raw material, Work in Progress, Finished Goods and Trading material as per the accounting policy adopted by the Group

- Evaluated the management judgement, estimate and process for identification and valuation of slow moving / non-moving, obsolete and damaged items of inventory.

- Performed analysis of Net realizable value (NRV) vs Cost of inventory on test basis to ensure that the Inventory is carried at Cost or NRV whichever is lower as per applicable Ind AS 2.

- Ensured presentation and disclosure as per applicable Ind AS and accounting framework

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors Report, but does not include the consolidated Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive Income), the consolidated statement of changes in equity and consolidated cash flows of the Group 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. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated Ind AS 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS 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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statement of such entity included in the consolidated Ind AS Financial Statements of which we are the independent auditors.

We communicate with those charged with governance of the Holding Company and such other entity included in the consolidated Ind AS Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS Financial Statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, 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 of the aforesaid consolidated Ind AS financial statements.

    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 Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

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

    e) On the basis of the written representations received from the directors of the Holding and subsidiary Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies, incorporated in India 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 with reference to Consolidated Ind AS financial statements of the Holding Company and its Subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

    g) As required by section 197 (16) of the Act; in our opinion and according to information and explanation provided to us, the remuneration paid/ provided for by the Group to its directors is in accordance with the provisions of section 197 of the Act and remuneration paid to directors is not in excess of the limit laid down under this section.

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 consolidated Ind AS financial statements disclose the impact, of pending litigations as at March 31, 2021 on the consolidated financial position of the Group, refer Note 31.5.1 to the consolidated Ind AS financial statements.;

(ii) The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

(iii) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company and its Subsidiary company.

For **P G BHAGWAT LLP**
Chartered Accountants
Firm Registration Number: 101118W/ W100682

Sd/-

Nachiket Deo
Partner
Membership Number: 117695
UDIN: 21117695AAAABT3678

Pune
April 30, 2021

Annexure A to the Independent Auditor's Report of even date on the Consolidated Ind AS Financial Statements of La-Gajjar Machineries Private Limited.

Report on the Internal Financial Controls with reference to Consolidated Ind AS Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to Consolidated Ind AS Financial Statements of **La-Gajjar Machineries Private Limited** ("the Holding Company") and its subsidiary company incorporated in India as of March 31, 2021 in conjunction with our audit of the Consolidated Ind AS Financial Statements of the Holding Company and its subsidiary company incorporated in India and for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary company incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated Ind AS financial statements of the Holding company and its subsidiary company incorporated in India 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 prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated Ind AS financial statements 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 with reference to consolidated Ind AS financial statements were 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 internal financial controls with reference to consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated Ind AS financial statements included obtaining an understanding of internal financial controls, 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 consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained in respect of Holding company and its subsidiary company incorporated in India, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Consolidated Ind AS financial statements.

Meaning of Internal Financial Controls over financial reporting with reference to consolidated Ind AS financial statements

A Company's internal financial control over financial reporting with reference to consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting with reference to consolidated Ind AS 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 consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over financial reporting with reference to consolidated Ind AS financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to consolidated Ind AS 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 consolidated Ind AS financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to consolidated Ind AS 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 Holding company and its subsidiary company incorporated in India, have, in all material respects, adequate internal financial controls with reference to consolidated Ind AS financial statements and such internal financial controls were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the respective Companies 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 **P G BHAGWAT LLP**
Chartered Accountants
Firm Registration Number: 101118W/W100682

Sd/-
Nachiket Deo
Partner
Membership Number: 117695
UDIN: 21117695AAAABT3678

Pune
Date: April 30, 2021

La-Gajjar Machineries Pvt Ltd

Consolidated Balance Sheet as at 31 March 2021

₹ in Lakhs

Particulars	Note No.	As at 31 March 2021
ASSETS		
I. Non-current assets		**4,549.99**
(a) Property, plant and equipment	1	1,587.84
(b) Capital work-in-progress	1	-
(c) Right-of-use assets	1	657.93
(d) Goodwill	2	127.07
(e) Other Intangible assets	2	603.56
(f) Intangible assets under development	2	-
(g) Financial assets		
(i) Investments		-
(ii) Other financial assets	3	1,196.94
(h) Deferred tax assets (net)	4	128.36
(i) Other non-current assets	5	248.29
II.Current assets		**25,178.71**
(a) Inventories	6	11,099.74
(b) Financiel assets		
(i) Trade receivables	7	9,078.33
(ii) Cesh and cash equivalents	8a	17.42
(iii) Bank balance other than (iii) above	8b	13.28
(iv) Other financial assets	9	422.87
(c) Current tax assets (net)		-
(d) Other current assets	10	4,547.07
Total Assets		**29,728.70**
EQUITY AND LIABILITIES		
Equity		**8,000.72**
(a) Equity share capital	11	107.60
(b) Other equity		
Capital redemption reserve	12	139.00
Securities premium	12	678.40
General reserve	12	411.21
Retained earnings	12	6,664.51
Liabilities		
I. Non-current liabilities		**1,727.50**
(a) Financial liabilities		
(i) Borrowings	13	1,263.99
(ii) Lease liabilities		312.33
(iii) Other financial liabilities	14	56.71
(b) Provisions	15	94.47
(c) Other non-current liabilities		-
II.Current liabilities		**20,000.48**
(a) Financial liabilities		
(i) Borrowings	16	7,867.04
(ii) Trade and other payables	17	
a) total outstanding dues of micro enterprises and small enterprises		5,604.69
b) total outstanding dues of creditors other than micro enterprises and small enterprises		3,886.53
(iii) Lease liabilities		162.94
(iv) Other financial liabilities	18	968.55
(b) Other current liabilities	19	365.28
(c) Provisions	20	1,145.45
Total Equity and Liabilities		**29,728.70**
Significant accounting policies	31	

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

As per our attached report of even date

FOR P G BHAGWAT LLP
Chartered Accountants
Firm Registration Number : 101118W/ W100682

NACHIKET DEO
Partner
Membership Number : 117695
Pune : 30 April, 2021

For and on behalf of the board of directors

SANJEEV NIMKAR
Vice Chairman
DIN: 07869394

PAWAN KUMAR AGARWAL
Director
DIN: 02723352

Sd/-

CHINTAN VYAS
FINANCE HEAD

Pune : 30 April, 2021

P.G. BHAGWAT LLP * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Pvt Ltd

Consolidated Statement of profit and loss for the year ended 31 March 2021

Particulars	Note No.	₹ in Lakhs 2020-21
Income		
Revenue from operations	21	51,982.76
Other income	22	167.61
Total Income		**52,150.37**
Expenses		
Cost of raw materials and components consumed	23	25,482.42
Purchase of traded goods	24	6,605.96
Changes in inventories of finished goods, work-in-progress and traded goods	25	1,127.65
Employee benefits expense	26	2,592.66
Finance costs	27	641.56
Depreciation and amortisation expense	28	591.44
Other Expenses	29	12,438.51
Total Expenses		**49,480.20**
Profit before exceptional items and tax		**2,670.17**
Exceptional Items [Income/(Expense)]		-
Profit before tax		**2,670.17**
Tax expense		**720.48**
Current tax	30	663.24
(Excess)/short provision related to earlier years		8.72
Deferred tax	30	48.52
Profit for the year		**1,949.69**
Other comprehensive income		
A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		**2.77**
Re-measurement gains / (losses) on defined benefit plans		3.70
Income tax effect on above		(0.93)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (A)		2.77
Total other comprehensive income for the year, net of tax [A]		**2.77**
Total comprehensive income for the year		**1,952.46**
Earnings per equity share [nominal value per share ₹ 10/- (31 March 2020: ₹ 10/-)]		
Basic		181.20
Diluted		181.20
Significant accounting policies	31	

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

As per our attached report of even date

For and on behalf of the board of directors

FOR P G BHAGWAT LLP
Chartered Accountants
Firm Registration Number : 101118W/ W100682

SANJEEV NIMKAR
Vice Chairman
DIN: 07869394

PAWAN KUMAR AGARWAL
Director
DIN: 02723352

NACHIKET DEO
Partner
Membership Number : 117695
Pune : 30 April, 2021

P.G. BHAGWAT LLP * CHARTERED ACCOUNTANTS * PUNE

Sd/-
CHINTAN VYAS
FINANCE HEAD

Pune : 30 April, 2021

La-Gajjar Machineries Pvt Ltd

Statement of Consolidated Cash Flow the year ended 31 March 2021

	₹ in Lakhs
Particulars	**2020-21**
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before Tax	**2,670.17**
Adjustments to reconcile profit before tax to net cash flows:	
Add:	
Depreciation and Amortisation	591.44
Loss on disposal of assets & Others	-
Inventories written down	(141.57)
Bad debts and irrecoverable balances written off	8.21
Provision for doubtful debts and advances (net)	(24.74)
Loss / (Profit) on Revalorisation on Imports	(0.09)
Loss / (Profit) on Revalorisation on Exports	9.01
Loss / (Profit) on Revalorisation on Forex Loans	27.56
Finance cost	641.56
	1,111.38
Less :	
Unwinding of interest on deposits	83.49
Surplus on sale of assets	2.24
Interest received (Finance income)	1.10
Sundry Credit Balances Appropriated	0.25
Provisions no longer required written back	66.48
	153.56
Operating Profit before working capital changes	**3,627.99**
Working Capital Adjustments	
(Increase) / Decrease in Trade and Other Receivables	(4,456.15)
(Increase) / Decrease in Inventories	(638.44)
Increase / (Decrease) in Trade and other Payables	2,448.00
Increase / (Decrease) in Provisions	108.00
	(2,538.59)
Net Cash generated from operations	**1,089.40**
Direct taxes paid	(557.22)
NET CASH FLOW FROM OPERATING ACTIVITIES	**532.18**
CASH FLOW FROM INVESTING ACTIVITIES	
Add :	
Proceeds from Sale of Property, Plant and Equipment	2.24
Interest received (Finance income)	0.18
	2.42
Less :	
Investment in subsidiary	-
Payments for Purchase of Property, Plant and Equipment	626.67
	626.67
NET CASH GENERATED FROM INVESTING ACTIVITIES	**(624.25)**
CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from bill discounting & borrowings	837.55
Repayment of Lease Liability	(140.48)
Interest paid (finance cost)	(609.90)
NET CASH USED IN FINANCING ACTIVITY	**87.17**

P.G. BHAGWAT LLP
PUNE

La-Gajjar Machineries Pvt Ltd

Statement of Consolidated Cash Flow the year ended 31 March 2021

Particulars	₹ in Lakhs 2020-21
Net increase / (decrease) in cash and cash equivalents	(4.90)
Opening Cash and Cash equivalents	22.32
Closing Cash and Cash equivalents (Refer Note 8a)	17.42

As per our attached report of even date.

FOR P G BHAGWAT LLP
Chartered Accountants
Firm Registration Number : 101118W/ W100682

NACHIKET DEO
Partner
Membership Number : 117695
Pune : 30 April, 2021

P.G. BHAGWAT LLP
PUNE
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors.

SANJEEV NIMKAR
Vice Chairman
DIN: 07869394

PAWAN KUMAR AGARWAL
Director
DIN: 02723352

Sd/-
CHINTAN VYAS
FINANCE HEAD

Pune : 30 April, 2021

La-Gajjar Machineries Pvt Ltd

Consolidated Statement of changes in Equity for the year ended 31 March 2021

A. Equity Share Capital (Note 11)

₹ in Lakhs

Equity Shares of ₹ 10 each issued, subscribed and fully paid	No. of Shares	Amount
At 1 April 2020	10,76,000	107.60
Issue/Reduction, if any during the year	-	-
At 31 March 2021	10,76,000	107.60

B. Other Equity (Note 12)

₹ in Lakhs

Particulars	Reserves and Surplus				Total
	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	
As at 1 April 2020	139.00	678.40	411.21	4,712.05	5,940.66
Profit for the year	-	-	-	1,949.69	1,949.69
Other comprehensive income for the year	-	-	-	2.77	2.77
Total Comprehensive income for the year	-	-	-	1,952.46	1,952.46
Transferred to Capital Redemption Reserve	-	-	-	-	-
As at 31 March 2021	139.00	678.40	411.21	6,664.51	7,893.12

Significant accounting policies 31

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

As per our attached report of even date

FOR P G BHAGWAT LLP
Chartered Accountants
Firm Registration Number : 101118W/ W100682

NACHIKET DEO
Partner
Membership Number : 117695
Pune : 30 April, 2021

P.G. BHAGWAT LLP PUNE CHARTERED ACCOUNTANTS

For and on behalf of the board of directors

SANJEEV NIMKAR
Vice Chairman
DIN: 07869394

PAWAN KUMAR AGARWAL
Director
DIN: 02723352

Sd/-
CHINTAN VYAS
FINANCE HEAD

Pune : 30 April, 2021

La-Gajjar Machineries Pvt Ltd
Notes to the Consolidated Financial Statements

Note 1 : Property, Plant and equipment

₹ in Lakhs

Particluars	Leasehold Improvement	Plant & Equipment	Furniture & Fixture	Vehicles	Office Equipment	Computers	Electrical Installation	Total	Capital Work-in-Process	Right-of-Use Assets
Gross Block										
As At 1st April 2020	350.31	3,024.91	144.46	285.43	77.93	184.97	-	4,068.01	0.75	902.76
Additions	12.90	123.54	2.86	-	13.88	15.46	17.72	186.36	-	188.81
Inter transfers - Net	-	(2.35)	3.54	-	(21.53)	-	20.34	-	-	-
Reclassified on account of Adoption of Ind A	-	-	-	-	-	-	-	-	-	-
Assets written off / Scrapped (Net)	-	-	-	-	-	-	-	-	-	-
Deductions / Amortization	-	-	-	22.65	-	-	-	22.65	0.75	-
As At 31 Mar 2021	363.21	3,146.10	150.86	262.78	70.28	200.43	38.06	4,231.72	-	1,091.57
Depreciation										
As At 1st April 2020	321.71	1,655.25	73.19	231.73	53.70	95.51	-	2,431.09	-	178.22
For the year	10.57	146.48	11.76	15.99	7.80	41.03	1.81	235.44	-	255.42
Inter transfers - Net	-	- 1.73	2.18	-	- 12.62	-	12.17	-	-	-
Assets written off / Scrapped (Net)	-	-	-	-	-	-	-	-	-	-
Deductions / Amortization	-	-	-	22.65	-	-	-	22.65	-	-
As At 31 Mar 2021	332.28	1,800.00	87.13	225.07	48.88	136.54	13.98	2,643.88	-	433.64
Net Block										
As At 1st April 2020	28.60	1,369.66	71.27	53.70	24.23	89.46	-	1,636.92	0.75	724.54
As At 31 Mar 2021	30.93	1,346.10	63.73	37.71	21.40	63.89	24.08	1,587.84	-	657.93

Notes :

1. For Depreciation, amortisation and security refer accounting policy Note 31.4.3
2. Refer Note - 31.4.11 on policies for Right-of-Use Assets

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Notes to the Consolidated Financial Statements

Note 2 : Other Intangible assets

₹ in Lakhs

Particluars	Computer Software	Customer Relationships	Total	Goodwill acquired under Business Combination	Intangible assets under development
Gross Block					
As At 1st April 2020	**95.72**	**149.36**	**245.08**	**127.07**	**116.56**
Additions	563.83	-	563.83	-	447.27
Inter Transfers	-	-	-	-	-
Recoupment / Adjustment	-	-	-	-	-
Deductions	-	-	-	-	563.83
As At 31 Mar 2021	**659.55**	**149.36**	**808.91**	**127.07**	**-**
Amortisation					
As At 1st April 2020	**22.53**	**82.24**	**104.77**	**-**	**-**
For The Year	70.70	29.88	100.58	-	-
Inter Transfers	-	-	-	-	-
Recoupment / Adjustment	-	-	-	-	-
Deductions	-	-	-	-	-
As At 31 Mar 2021	**93.23**	**112.12**	**205.35**	**-**	**-**
Net Block					
As At 1st April 2020	**73.19**	**67.12**	**140.31**	**127.07**	**116.56**
As At 31 Mar 2021	**566.32**	**37.24**	**603.56**	**127.07**	**-**

Notes :

1. For Depreciation and amortisation refer accounting policy Note 31.4.5

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La-Gajjar Machineries Pvt Ltd

Notes to the Consolidated Financial Statements

Note 3 : Other financial assets (non current)

₹ in Lakhs

Particulars	As at 31 March 2021
Security deposits	
Unsecured, considered good	1,196.94
Doubtful	21.16
Less :Loss Allowance for doubtful deposits	(21.16)
Total	**1,196.94**

1. Other financial assets are measured at amortised cost. Refer note 31.5.12
2. Refer Note - 31.5.13 on Risk Management objectives and policies for Financial Instruments.

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Notes to the Consolidated Financial Statements

Note 4 : Deferred tax Asset (net)

₹ in Lakhs

Particulars	As at 31 March 2021
Deferred Tax Asset	**128.36**
Depreciation	64.46
Preliminary Expenses (Sec. 35D of Income Tax Act, 1961)	0.05
Disallowances u/s 43 B of Income Tax Act	27.49
Provision for Doubtful debts & advances	25.11
ROU Asset Net of Lease Liability and PV of Deposit	11.04
Others	0.21
Total	**128.36**

1. Reconciliation of deferred tax assets / (liabilities), net

Particulars	As at 31 March 2021
Opening balance as of 1 April	**177.81**
Tax income/(expense) during the year recognised in profit or loss	(48.52)
Tax income/(expense) during the year recognised in OCI	(0.93)
MAT Credit Utilization	-
Closing balance as at 31 March	**128.36**

2. Tax Losses

Particulars	As at 31 March 2021
Unused tax losses for which no Deferred Tax Assets have been recognised- Long Term capital loss on sale of Land	1,237.01
Potential Tax benefit	288.17

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

4. Deferred tax is measured on temporary differences at the rate of 25.168% (Refer note 30)

5. The unused tax losses were incurred by the holding company on sale on Land in which company is not likely to generate taxable income in the foreseeable future. The losses can be carried forward as per the provisions of Income Tax Act .

6. The deferred tax liability is not recognized by temporary difference between carrying amount and tax base of investments in subsidiary as the parent company is able to control the timing of reversal of temporary difference and it is probable that the difference will not reverse in the forseeable future. Hence , the Group has not recognized any deferred tax liability for taxes on undistributed profits

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Notes to the Consolidated Financial Statements

Note 5 : Other non-current assets

₹ in Lakhs

Particulars	As at 31 March 2021
Capital advances	51.61
Prepaid expenses	2.17
Tax paid in advance (net of provision)	194.51
Total	**248.29**

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Note 6 : Inventories

₹ in Lakhs

Particulars	As at 31 March 2021
Raw materials	**4,613.07**
Raw materials and components	4,613.07
Work-in-progress	1,590.03
Finished goods	3,325.68
Traded goods	1,410.18
Stores and spares	160.78
Total	**11,099.74**

1. Inventories written down to net realisable value during the year ended on 31 March 2021 is ₹ NIL Lakhs were recognised as an expense in the statement of profit and loss during the year.
2. Refer Note 13 for information on inventory hypothication with bankers for the purpose of Working Capital facilities.

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Notes to the Consolidated Financial Statements

Note 7 : Trade receivables

₹ in Lakhs

Particulars	As at 31 March 2021
Total Trade Receivables	**9,078.33**
Trade receivables [Refer note (1) below]	9,078.33
Break-up for security details:	**9,078.33**
Secured considered good	-
Unsecured considered good	9,078.33
Doubtful	99.77
Loss Allowance (for expected credit loss under simplified approach)	(99.77)
Total	**9,078.33**

Trade receivable which have significant increase in credit risk: ₹ NIL
Trade receivable - credit impaired : ₹ NIL

1. Trade receivables are measured at amortised cost.
2. No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. There are no trade and other receivable due from firms and private companies respectively in which any director is a partner, a director or a member as on 31 March, 2021. Refer Note 31.5.9 for terms and conditions related to Related party receivables.B1
3. Trade receivables secured by letter of credit are considered as seucred.

4. Movement of impairment Allowance (allowance for expected credit loss under simplified approach)

Particulars	As at 31 March 2021
Opening Balance	**98.02**
Provided During the year	9.96
Written off	(8.21)
Provision written back	-
Closing Balance	**99.77**

5. Refer Note 31.5.13 on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

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Note 8a : Cash and cash equivalents

₹ in Lakhs

Particulars	As at 31 March 2021
Balance with Bank	
Current accounts and debit balance in cash credit accounts	17.35
Cash on hand	0.07
Total	**17.42**

Note 8b : Other bank balances

Particulars	As at 31 March 2021
Deposits with original maturity of more than three months but less than 12 months	13.28
Total	**13.28**

1. Fixed Deposits are pledged with the banks as margin money against Letter of Credit / Bank Guarantee.
2. Refer Note 31.5.13 for further details

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Notes to the Consolidated Financial Statements

Note 9 : Other financial assets (Current)

Particulars	**₹ in Lakhs As at 31 March 2021**
Security deposits (Unsecured, considered good)	2.22
Export incentive receivable	334.30
Other Receivables	86.35
Total	**422.87**

1. Other financial assets are measured at amortised cost.
2. Others includes interest receivable on FDR and accrued revenue.
3. Refer Note 31.5.13 for further details.

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Notes to the Consolidated Financial Statements

Note 10 : Other current assets

₹ in Lakhs

Particulars	As at 31 March 2021
Advance to suppliers	515.36
Balance with collectorate of central excise and customs	584.79
Sales tax / VAT / GST receivable	3,351.34
Prepaid expenses	75.50
Others	20.08
Total	**4,547.07**

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Notes to the Consolidated Financial Statements

Note 11 : Share capital

Particulars	No. of shares	₹ in Lakhs
Authorised equity share capital (Shares of ₹ 10 each)		
As At 1 April 2020	52,40,000	524.00
Increase/(decrease) during the year	-	-
As At 31 March 2021	52,40,000	524.00
Issued, subscribed and fully paid up equity share capital (Shares of ₹ 10 each)		
As At 1 April 2020	10,76,000	107.60
Changes during the year	-	-
As At 31 March 2021	10,76,000	107.60

Terms/Rights attached to the equity shares

1. The Company has only one class of equity shares having a par value of ₹ 10/- each. Each equity shareholder is entitled to one vote per share and has a right to receive dividend as recommended by Board of Directors subject to the necessary approval from the shareholders.
2. 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.

3. Shares held by holding company

Particulars	As At 31 March 2021
Kirloskar Oil Engines Ltd.	
No. of Equity shares of ₹ 10 each	8,17,760
Face value of Equity share holding (₹ in Lakhs)	81.78
Equity share holding (%)	76.00%

4. Number of Shares held by each shareholder holding more than 5% Shares in the Company

Particulars	Derwent Crystal India Pvt. Ltd.	Kirloskar Oil Engines Ltd.
As at 31st March 2021		
No. of Shares	2,58,240	8,17,760
% of Shareholding	24.00%	76.00%

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Notes to the Consolidated Financial Statements

Note 12 : Other Equity

₹ in Lakhs

Particulars	As at 31 March 2021
CAPITAL REDEMPTION RESERVE	**139.00**
Opening Balance	139.00
Add : Transferred during the year	-
SECURITIES PREMIUM	**678.40**
Opening Balance	678.40
Add : Transferred during the year	-
GENERAL RESERVE	**411.21**
Opening Balance	411.21
Add : Transferred from Retained earnings	-
RETAINED EARNINGS	**6,664.51**
Opening Balance	4,712.05
Add : Profit for the year	1,949.69
Add : Other Comprehensive income / (Loss)	2.77
	1,952.46
Total	**7,893.12**

Other reserves

Particulars	As at 31 March 2021
Capital redemption reserve	139.00
General reserve	411.21
SECURITIES PREMIUM	678.40
Retained Earnings	6,664.51
Total other reserves	**7,893.12**

1. The Capital Redemption Reserve is created for redemption of preference shares as per statutory requirement.

2. Securities premium is received against the issuance of Equity Shares and can be utilised in accordance with provisions of Companies Act, 2013.

3. General reserve is created by setting aside amount from the Retained Earnings of the company for general purposes which is freely available for distribution.

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La-Gajjar Machineries Pvt Ltd
Notes to the Consolidated Financial Statements

Note 13 : Borrowings (Non-current)

₹ in Lakhs

Particulars	As at 31 March 2021
Secured loans from bank	**413.99**
Term loans	413.99
Loan for purchase of vehicles	-
Secured loans from NBFC	-
Loan for purchase of vehicles	-
Unsecured	**850.00**
8% Cumulative Redeemable Preference Shares	850.00
Total	**1,263.99**

1. Loans are measured at amortised cost.

2. Term Loans from Banks

(i) The term Loans availed from Federal Bank and Yes Bank are secured by a First Pari Passu charge by way of Hypothecation of Plant & Machinery and other assets and second charge on entire current assets of the holding company.

(ii) The holding company had availed moratorium of three months on payment of all instalments falling due between 1st March 2020 and 31st May 2020 as per COVID-19 regulatory package announced by Reserved bank of India on 27th March 2020. However, the company opted out of the Moratorium scheme during the year and accordingly has paid the deferred payment pertaining to Mar'20 in the current year.

(iii) Term Loan of ₹ 300 Lakhs to be repaid in 60 monthly installments of ₹ 5 Lakhs each starting from July 2016 at rate of interest 9.00%. Accordingly total ₹ 65 Lakhs have been repaid in the year 2020-21 after considering moratorium effect. The repayment obligation of future 12 months is reflected in Current maturity of Long term debts (Note 18).

(iv) Term Loan of ₹ 700 Lakhs to be repaid in 60 monthly installments of ₹ 11.67 Lakhs each starting from November 2016 at rate of interest 9.00%. Accordingly total ₹ 151.67 Lakhs have been repaid in the year 2020-21. The repayment obligation of future 12 months is reflected in Current maturity of Long term debts (Note 18).

(v) Term Loan of ₹ 700 Lakhs to be repaid in 60 monthly installments of ₹ 11.67 Lakhs each starting from July 2018 at rate of interest 9.00%. Accordingly total ₹ 151.67 Lakhs have been repaid in the year 2020-21 after considering moratorium effect. The repayment obligation of future 12 months is reflected in Current maturity of Long term debts (Note 18).

(vi) Working Capital Term Loan of ₹ 1400 Lakhs to be repaid in 60 monthly installments of ₹ 23.33 Lakhs each starting from May 2018 at rate of interest 9.00%. Accordingly total ₹ 303.33 Lakhs have been repaid in the year 2020-21 after considering moratorium effect. The repayment obligation of future 12 months is reflected in Current maturity of Long term debts (Note 18).

(vii) Working Capital Term Loan of ₹ 600 Lakhs to be repaid in 12 Quarterly installments of ₹ 50 Lakhs each starting from July 2018 at rate of interest 10.50%. Accordingly total ₹ 200 Lakhs have been repaid in the year 2020-21. The repayment obligation of future 12 months is reflected in Current maturity of Long term debts (Note 18).

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Maturity profile of Term Loans from Banks (Current and Non-Current)

Period	As at 31 March 2021
Upto Three Months	205.00
More than Three Months Up to One Year	361.60
More than One Year Up to Three Years	413.99
More than Three Years Up to Five Years	-

3. Loan for Purchase of Vehicles - Banks

Loans for purchase of vehicles are secured against Hypothication of vehicles

4. Loan for Purchase of Vehicles - NBFC

Loans for purchase of vehicles are secured against Hypothication of vehicles

These loans are to be repayed in 36 to 60 monthly installments at an agreed installment rates as per respective sanction terms

Maturity profile of Vehicle Loans from Banks and NBFC (Current and Non-Current)

Period	As at 31 March 2021
Upto Three Months	3.47
More than Three Months Up to One Year	5.13
More than One Year Up to Three Years	-
More than Three Years Up to Five Years	-

5. 8% Cumulative Redeemable Preference Shares

The holding company has issued 85,00,000 preference shares at the face value of ₹ 10 in the month of March'21 at the rate of 8% which are redeemable at the end of the term of 60 months from the date of issue. (Refer Note 31.4.8)

The procedural compliances related to Preference shares issue was completed on 27 April 2021

Terms : Unsecured Preference shares to Related Party

Period	As at 31 March 2021
Kirloskar Oil Engines Ltd.	850.00
Interest on Preference Shares	1.68
Total	851.68

Maturity profile of 8% Cumulative Redeemable Preference Shares (Current and Non-Current)

Period	As at 31 March 2021
Upto Three Months	-
More than Three Months Up to One Year	-
More than One Year Up to Three Years	-
More than Three Years Up to Five Years	850.00

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The break-up of the holding company's Preference share capital is as follows

Particulars	No. of shares
Authorised 0.5% cumulative redeemable preference shares capital (Shares of ₹ 10 each)	
As At 1 April 2020	**2,60,000**
Increase/(decrease) during the year	(2,60,000)
As At 31 March 2021	-
Authorised 8% cumulative redeemable preference shares capital (Shares of ₹ 10 each)	
As At 1 April 2020	-
Increase/(decrease) during the year	85,00,000
As At 31 March 2021	**85,00,000**
Issued, subscribed and fully paid up 0.5% cumulative redeemable preference shares capital (Shares of ₹ 10 each)	
As At 1 April 2020	-
Increase/(decrease) during the year	-
As At 31 March 2021	-
Issued, subscribed and fully paid up 8% cumulative redeemable preference shares capital (Shares of ₹ 10 each)	
As At 1 April 2020	-
Increase/(decrease) during the year	85,00,000
As At 31 March 2021	**85,00,000**

Number of Shares held by each shareholder holding more than 5% Shares in the holding Company

Particulars	As at 31 March 2021
Kirloskar Oil Engines Ltd.	
No. of Shares	85,00,000
% of Shareholding	100.00%

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La-Gajjar Machineries Pvt Ltd
Notes to the Consolidated Financial Statements

Note 14 : Other financial liabilities (Non current)

Particulars	₹ in Lakhs As at 31 March 2021
Deposits/ Retentions from customers and others	56.71
Total	**56.71**

1. Other financial liabilities are measured at amortised cost.
2. For explanations on the group's Interest risk, Foreign currency risk and liquidity risk management processes, refer Note 31.5.13

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La-Gajjar Machineries Pvt Ltd

Notes to the Consolidated Financial Statements

Note 15 : Provisions (Non current)

₹ in Lakhs

Particulars	**As at 31 March 2021**
Provision for warranty	94.47
Total	**94.47**

1. Refer Note 20 - Provisions (Current)

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La-Gajjar Machineries Pvt Ltd
Notes to the Consolidated Financial Statements

Note 16 : Borrowings

₹ in Lakhs

Particulars	As at 31 March 2021
Secured loans from bank	
Export Preshipment Loan in INR	878.33
Export Postshipment Loan in INR	1,606.87
Cash credit	5,381.84
Total	**7,867.04**

1. Borrowings are measured at amortised cost.

2. Holding Company's fund and non fund based working capital facilities of ₹ 14463 Lakhs are secured by first charge by way of hypothecation on the whole of the current assets of the Company both present and future and also the second charge on the whole of the movable Plant and machinery and other fixed assets of the Company in favour of the consortium of banks (Federal Consortium) comprising of The Federal Bank Limited - Ahmedabad (Lead Bank), ICICI Bank Limited - Ahmedabad, Yes Bank Limited - Pune and HDFC Bank Limited - Ahmedabad.

3. The unutilised portion of holding company's Cash Credit Limit is ₹ 1632.96 Lakhs

4. For explanations on the group's Interest risk, Foreign currency risk and liquidity risk management processes, refer Note 31.5.13

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La-Gajjar Machineries Pvt Ltd

Notes to the Consolidated Financial Statements

Note 17 : Trade and other payables

Particulars	₹ in Lakhs As at 31 March 2021
Due to micro, small and medium enterprises	5,604.69
Due to other than micro, small and medium enterprises	3,886.53
Total	**9,491.22**

1. Trade and other payables are measured at amortised cost.
2. Due to Mico, Small and Medium Entrprises includes provision for Interest to MSME of ₹ 222.01 Lakhs
3. For terms and conditions with related parties, refer Note 31.5.9

4. For explanations on Group's Foreign currency risk and liquidity risk management processses, refer Note 31.5.13

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Notes to the Consolidated Financial Statements

Note 18 : Other financial liabilities (Current)

₹ in Lakhs

Particulars	As at 31 March 2021
Current maturities of long term debt	575.20
Interest Accrued but Not Due	2.12
Payable for capital purchases	89.87
Employee benefits payable	187.24
Other Payables	114.12
Total	**968.55**

1. Other financial liabilities are measured at amortised cost.
2.Interest accrued but not due include dividend payable on 8% redeemable preference shares recognised as Borrowing.
3. For explanations on Group's Foreign currency risk and liquidity risk management processses, refer Note 31.5.13

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Notes to the Consolidated Financial Statements

Note 19 : Other Current liabilities (Current)

	₹ in Lakhs
Particulars	**As at 31 March 2021**
Advance from customers	234.18
Revenue received in advance	45.66
Statutory dues including provident fund and tax deducted at source	85.44
Total	**365.28**

1. For explanations on Group's Revenue Recognition policies, refer Note 31.4.18

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Note 20 : Provisions (Current)

₹ in Lakhs

Particulars	As at 31 March 2021
Provision for employee benefits	**65.73**
Provision for gratuity	27.60
Provision for compensated absence	38.13
Others	**1,079.72**
Provision for warranty	1,079.72
Total	**1,145.45**

1. Employee benefits obligations

a. Gratuity

The Holding Company provides gratuity for employees as per the Gratuity Act, 1972. Employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity is payable on retirement or termination whichever is earlier. The level of benefits provided depends on the member's length of service and salary at retirement age. The gratuity plan is a funded plan. Refer Note 31.5.5

b. Compensated absences

The leave obligation cover the Holding Company's liability for earned leaves which is expected to be paid-off in next 12 months

2. Other Provisions

a. Warranty

Warranty is given to customers at the time of sale of Pumps, Motors and Pumpsets manufactured. Warranty cost includes expenses in connection with repairs, free replacement of parts and after sales services during warranty period.

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of reporting period. It is expected that majority of these costs will be incurred in the next financial year and balance will be incurred in following years. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

Particulars	₹ in Lakhs
At 1 April 2020	**1,114.32**
Arising during the year (Net)	977.81
Utilised	917.94
At 31 March 2021	**1,174.19**

b. Breakup of Warranty Provisions

Particulars	As at 31 March 2021
Current	1,079.72
Non-current	94.47
Total	**1,174.19**

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La-Gajjar Machineries Pvt Ltd

Notes to the Consolidated Financial Statements

Note 21 : Revenue from operations

₹ in Lakhs

Particulars	2020-21
Sales and services	**50,910.10**
Sale of products (Refer Note 31.5.11)	50,910.10
Other operating income	**1,072.66**
Sale of scrap	489.04
Export incentives (Refer Note 31.5.4)	487.93
Sundry credit balances written back	0.25
Provisions no longer required written back	66.48
Provision for doubtful debts and advances written back	24.74
Miscellaneous receipts	4.22
Total	**51,982.76**

1. For explanations on Group's Revenue Recognition policies, refer Note 31.4.18

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Notes to the Consolidated Financial Statements

Note 22 : Other income

₹ in Lakhs

Particulars	2020-21
Interest on income Tax and Sales Tax Refund	24.56
Interest income on financial assets measured at amortised cost	
(i) Bank Deposits	1.10
(ii) Unwinding of interest on security deposits	83.49
(iii) other financial assets	21.70
Net Gain/(loss) on disposal of property, plant & Equipment	2.24
Exchange gain/(loss) on translation of assets and liabilities	34.52
Total	**167.61**

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La-Gajjar Machineries Pvt Ltd
Notes to the Consolidated Financial Statements

Note 23 : Cost of raw materials and components consumed

	₹ in Lakhs
Particulars	**2020-21**
Raw materials and components consumed	25,003.66
Freight, octroi and entry tax	478.76
Total	**25,482.42**

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La-Gajjar Machineries Pvt Ltd

Notes to the Consolidated Financial Statements

Note 24 : Purchases of Traded goods

₹ in Lakhs

Particulars	2020-21
Monoblock	4,874.34
Others	1,731.62
Total	**6,605.96**

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Notes to the Consolidated Financial Statements

Note 25 : Changes in inventories of finished goods, work-in-progress and traded goods

₹ in Lakhs

Particulars	2020-21
Opening inventory	**7,453.54**
Work-in-process	1,982.53
Finished goods	4,672.26
Traded goods	798.75
Closing Inventory	**6,325.89**
Work-in-process	1,590.03
Finished goods	3,325.68
Traded goods	1,410.18
(Increase)/decrease in inventory	**1,127.65**
Total	**1,127.65**

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Notes to the Consolidated Financial Statements

Note 26 : Employee benefits expense

₹ in Lakhs

Particulars	2020-21
Salaries, wages, bonus, commission, etc.	2,336.00
Gratuity (Refer Note 31.5.5)	31.31
Contribution to provident and other funds	138.77
Welfare and training expenses	86.58
Total	**2,592.66**

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Notes to the Consolidated Financial Statements

Note 27 : Finance costs

₹ in Lakhs

Particulars	2020-21
Interest & discounting charges	560.99
Interest on Lease Liability	45.76
Other Finance cost	34.81
Total	**641.56**

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La-Gajjar Machineries Pvt Ltd
Notes to the Consolidated Financial Statements

Note 28 : Depreciation and amortization expense

₹ in Lakhs

Particulars	2020-21
Depreciation and amortization expense	**591.44**
Depreciation on Tangible & ROU Asset	490.86
Amortization on Intangible assets	100.58
Total	**591.44**

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La-Gajjar Machineries Pvt Ltd
Notes to the Consolidated Financial Statements

Note 29 : Other expenses

₹ in Lakhs

Particulars	2020-21
Manufacturing expenses	**8,070.94**
Stores consumed	2,528.10
Power and fuel	156.50
Repairs to machinery	101.94
Job work charges	2,048.91
Labour charges	3,184.56
Cost of services	11.87
Other manufacturing expenses	39.06
Selling expenses	**2,594.59**
Commission	78.62
Freight and forwarding	1,039.79
Warranty	977.81
Advertisement and publicity	312.86
Others selling expenses	185.51
Administration expenses	**1,772.98**
Rent	167.63
Rates and taxes	38.70
Insurance	65.19
Repairs to building	21.55
Other repairs and maintenance	389.85
Travelling and conveyance	338.43
Communication expenses	53.27
Printing and stationery	10.65
Professional charges*	402.09
Auditor's remuneration (Refer Note 31.5.3)	20.83
Preliminary expenses	0.51
Spend on CSR activities (Refer Note 31.5.15)	12.65
Non Executive Directors' fees & commission	36.20
Miscellaneous expenses	207.22
Net Loss on assets sold, demolished, discarded and scrapped	-
Bad debts and irrecoverable balances written off	8.21
Total	**12,438.51**

*For terms and conditions with related parties, refer Note 31.5.9

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Note 30 : Income tax

The note below details the major components of income tax expenses for the year ended 31 March 2021. The note further describes the significant estimates made in relation to group's income tax position, and also explains how the income tax expense is impacted by non-assessable and non-deductible items.

₹ in Lakhs

Particulars	2020-21
Current tax	671.96
Current income tax	663.24
(Excess)/short provision related to earlier years*	8.72
Deferred tax	**48.52**
Relating to origination and reversal or temporary difference	48.52
Income tax expense reported in the statement of profit and loss	**720.48**

Other Comprehensive Income (OCI)

Particulars	2020-21
Deferred tax related to items recognised in OCI during the year	
Net loss/(gain) on actuarial gains and losses	(0.93)
Exchange differences in translating the financial statements of a foreign operation	-
Deferred tax charged to OCI	**(0.93)**

*Based on assessment order received during the year, the Holding Company has provided for an amount of ₹ 8.72 Lakh as short tax provision in respect of earlier years and the same is netted off from the tax expense for the year ended 31.3.2021

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate as notified under Income Tax Act, 1961 enacted in India for the years ended 31 March 2021..

Current tax

Particulars	2020-21
Accounting profit before income tax expense	2,670.17
Tax @ 25.168%	**672.03**
Tax effect of adjustments in calculating taxable income:	**48.76**
Disallowance Under IT	25.78
Due to Change in Tax Rates	-
(Excess)/short provision related to earlier years	8.72
Difference between Opening and Closing WDV of IT	-
Others	14.26
At the effective income tax rate of 26.99%	**720.79**

During the year 2019-20, new section 115BAA is introduced by the CBDT. As per this section, option is given to all existing companies to either pay Income tax as per the existing rates (i.e. 25% or 30% plus applicable surcharge and cess) or as per concessional rate of 22% plus applicable surcharge and cess. This new rate is available only if company forgoes certain exemptions and deductions. Since this new rate is beneficial, group has adopted the new tax rate of 25.168% (i.e. 22% including surcharge and cess) for computing Income tax & deferred tax for year ended 31 March, 2021.

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NOTE 31: NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2021

1. Corporate Information

The consolidated financial statements comprise the financials statements of La-Gajjar Machineries Private Limited ('The Parent Company') and Optiqua Pipes and Electricals Private Limited (its wholly-owned subsidiary). The parent company is a Private Limited Company domiciled in India and is incorporated under the provisions of the Companies Act 1956. The registered office of the parent company is located at Acidwala Estate, Nagarwel Hanuman Road, Amraiwadi, Ahmedabad – 380 026. The equity shares of the company are not listed on any stock exchanges in India.

The parent company is a subsidiary company of Kirloskar Oil Engines Ltd.

The group company is engaged in the business of manufacturing and sales of Submersible Pumps, Electric Motors, Electrical Switches and spares thereof. The group further intends to commence the business of manufacturing and sales of Cables and Pipes.

During FY 2020-21, the parent company has invested ₹ 5.00 Lakhs in "Optiqua Pipes and Electricals Private Limited" to acquire cables and pipes business of Optiflex Industries (a partnership firm) during FY 2021-22. With this Optiqua Pipes and Electricals Private Limited is the 100% subsidiary of La-gajjar Machineries Private Limited w.e.f. 19th February 2021.

Further, the Board of Directors of the Subsidiary Company, in its meeting held on 24th March 2021, approved issue of 85,00,000 equity shares of face value of Rs. 10/- each for cash at Par, on rights basis to the existing equity shareholders of the Company as on 25th March 2021. Accordingly, La-Gajjar Machineries Private Limited (Holding company) subscribed to the whole issue of 85,00,000 equity shares. The 85,00,000 equity shares of Rs. 10/- each are allotted to the Company on 8th April 2021. The Company is in process of completing formalities of filing of requisite E-Forms with Ministry of Corporate Affairs duly.

Also, Optiqua Pipes and Electricals Private Limited has entered into definitive business transfer Agreement (BTA) with Optiflex Industries on 24th March 2021 subject to fulfillment of certain conditions. The company has completed conditions, approvals, etc. necessary for business transfer on 16th April 2021.

The consolidated financial statements were approved by the Board of Directors and authorized for issue on 30 Apr 2021.

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2. Basis of preparation of Financial Statements

The Group's consolidated financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") as issued under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by the Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with rule 7 of the companies (Accounts) Rules, 2014. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied.

The consolidated financial statements have been prepared on a historical cost basis, except for,

(i) the investments which have been measured at fair value as they are classified as fair value through profit or loss or fair value through other comprehensive income.

(ii) defined benefit plans - plan assets measured at fair value

Amounts in the financial statements are presented in Indian Rupees in Lakhs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013 unless otherwise stated.

Basis of Consolidation

(i) Basis of Accounting and Preparation of the Consolidated financial statements
The consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting standards (Ind AS) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the 2013 Act") and the relevant provisions of the 1956 Act / 2013 Act. The accounting policies adopted in the preparation of the consolidated financial statements are consistent. All assets and liabilities have been classified as current or non-current as per the respective Company's normal operating cycle and other criteria set out in Schedule III to the 2013 Act.

(ii) Principles of Consolidation
The consolidated financial statements have been prepared on the following basis:

a. The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Ind AS 110, "Consolidated Financial Statements".
b. The financial statements of the company and its subsidiary company have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra group transactions and resulting unrealised profit or losses, unless cost cannot be recovered, as per the applicable Accounting Standard in India.

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c. The consolidated financial statements are presented, to the extent applicable, in accordance with the requirements of Schedule III of the 2013 Act as applicable to the Group's separate financial statements. Differences if any, in accounting policies have been disclosed separately.

d. Particulars of subsidiaries have been considered in the preparation of the consolidated financial statements:

Name of Company	Country of Incorporation	% of Shareholding of La-Gajjar Machineries Private Limited	Consolidated As
Optiqua Pipes and Electricals Private Limited	India	100%	Subsidiary

e. The accounting policies of the parent are best viewed in its independent financial statements. Differences in accounting policies followed by the Optiqua Pipes and Electricals Private Limited have been reviewed and no adjustments have been made, since the impact if any of these differences is not significant.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Group continually evaluates these estimates and assumptions based on the most recently available information. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

3.1. Judgements

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

Leases

The Group had applied provisions of Ind AS 116 effective 01st April, 2019. The said standard provides for certain recognition exemptions for short term leases as well as provides for certain criteria when the lease contracts are non-enforceable. The determination of lease term for the purpose of availing such exemptions and evaluation of such criteria for non-enforceability of a contract involves significant judgment.

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Revenue Recognition

The Group generally recognizes revenue when the performance obligation is satisfied at a point in time when the control is transferred i.e. either on shipment or upon delivery in domestic and in case of export on the date of bill of lading.

Customer Reward Points: The points provide a material right to customers that they would not have received had they not entered into the contract. Thus, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the reward points on the basis of relative stand - alone selling price. Management estimates the standalone selling price per reward point on the basis of the benefits passed on to the customer and on the basis of the likelihood of redemption, based on past experience.

3.2. 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 Group bases its assumptions and estimates on information available till the date of approval of these consolidated financial statements. The assumptions and estimates, however, may change based on future developments, due to market conditions or due to circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions and estimates when they occur.

Defined benefit plans

The cost of the defined benefit plans and other post-employment benefits and the present value of the obligation are determined using actuarial valuation. 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, mortality rates and future post-retirement medical benefit increase. 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 most sensitive parameter is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are mainly based on expected future inflation rates for the country.

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Further details about defined benefit obligations are provided in Note 31.5.5

Deferred Tax

Deferred tax assets are recognised for all deductible temporary differences including 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 utilized.

Warranty

The Group recognises provision for warranties in respect of the products that it sells. The estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures,

Impairment of Goodwill recognized under Business Combination

The Group estimates whether goodwill accounted under business combination has suffered any impairment on annual basis. For this purpose, the recoverable amount of the CGU was determined based on value in use calculations which require the use of assumptions.

Uncertainty relating to Global health pandemic on COVID-19

The Group's operation has and may continue to be impacted by the outbreak of COVID-19 virus. The effects of COVID-19 virus to the global economy include effect to economic growth, increase in credit risk, and the fluctuation of foreign currency exchange rates and disruption of business operation. The future effects of the outbreak of COVID-19 virus to the Group are unclear at this time. Nevertheless, as at the date of this report, management of the Group is of the opinion that the outbreak of the COVID-19 has no significant impact to the operational activities of the Group.

4. Significant Accounting Policies

4.1. Current Vs Non-Current Classification

The Group presents assets and liabilities in the Balance Sheet based on current / non-current classification.

An asset is current when it is:

a. Expected to be realised or intended to be sold or consumed in normal operating cycle
b. Held primarily for the purpose of trading
c. Expected to be realised within twelve months after the reporting period, or

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d. Cash or cash equivalents 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:

a. Expected to be settled in normal operating cycle
b. Held primarily for the purpose of trading
c. Due to be settled within twelve months after the reporting period, or
d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are treated as non - current.

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

4.2. Fair value measurement

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 Group.

The Group measures the fair value of an asset or a liability assuming that market participants would use it when pricing the asset or liability and that market participants act in their best economic 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 Group 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.

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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 consolidated financial statements on a recurring basis, the Group 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.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

External valuation experts are involved for valuation of significant assets and liabilities. Involvement of external valuation experts is decided upon annually by the management.

Methods and assumptions used to estimate the fair values are consistently followed.

4.3. Property , Plant and Equipment

a. The Group has adopted Ind AS from transition date 1st April 2016. Accordingly the Group has elected to continue with the carrying value of all of its Property, plant and equipment measured as per the Indian GAAP as at 31 March 2016 and use those values as deemed cost.

Property, plant and equipment; and capital work in progress are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Cost represents all expenses directly attributable to bringing the asset to its working condition capable of operating in the manner intended. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the Property, Plant and Equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Consolidated Statement of Profit and Loss as incurred.

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b. Capital work-in-progress comprises cost of property, plant and equipment that are not yet installed and ready for their intended use at the balance sheet date.

c. Own manufactured assets are capitalised at cost including an appropriate share of allocable expenses.

Depreciation and Amortization

Depreciation is charged on the basis of useful life of assets on Straight Line method which are as follows:

Asset Category	Life in Years	Basis for useful life
Leasehold improvements	Lease Period	Amortised over lease period
Plant & Equipment including Pattern Tooling	15	Life as prescribed under Schedule-II of Companies Act, 2013
Jigs & Fixtures	8	Lower useful life considered based on past history of usage and supported by Technical Evaluation
Computers		
Network	6	Life as prescribed under Schedule-II of Companies Act, 2013
End user devices, such as, desktops, laptops, etc.	3	
Servers	6	
Electrical Installations	10	Life as prescribed under Schedule-II of Companies Act, 2013
Furniture & Fixture		
Furniture, Fixtures and Electrical Fittings	10	Life as prescribed under Schedule-II of Companies Act, 2013
AC, Refrigerators and Water coolers - Company and Guest House Premises	5	Life as prescribed under Schedule-II of Companies Act, 2013
Office Equipment	5	Life as prescribed under Schedule-II of Companies Act, 2013
Vehicles		
Motorcars, Jeep	8	Life as prescribed under Schedule-II of Companies Act, 2013
Two Wheelers	10	
Other Vehicles	8	

- Used assets obtained under Business Combination are measured based on their remaining useful life as on the date of acquisition.
- Depreciation on additions is provided from the beginning of the month in which the asset is ready to use.

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- Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on pro-rata basis up to the end of the month prior to the month in which such assets are sold, discarded or demolished.
- Foreign exchange fluctuation gain/ loss on imported plant and equipment were charged to Profit & Loss statement up to transition date of Ind AS.

The Group, based on technical assessments made by technical experts and management estimates and depreciates certain items of plant and equipment over a useful lives which is different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management 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 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 Consolidated Statement of Profit and Loss 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.

Security:
As at 31st March 2021, Properties, Plant & Equipment with a carrying amount of ₹1346.10 Lakhs are subject to first charge to secure bank loan. Refer note 13 "Borrowings".

4.4. Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

An investment property is derecognised on disposal or on permanent withdrawal from use or when no future economic benefits are expected from its 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 statement of profit and loss when the asset is derecognised.

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Transfers are made to (or from) investment property only when there is a change in use. Transfers between investment property, owner-occupied property and inventories are at carrying amount of the property transferred.

4.5. Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the asset can be measured reliably.

Intangible assets are recorded at the consideration paid for its acquisition. In case of internally generated intangible assets, expenditure incurred in development phase, where it is reasonably certain that the outcome of development will be commercially exploited to yield future economic benefits to the Group, is considered as an intangible asset. Such developmental expenditure is capitalized at cost including a share of allocable expenses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised by using Straight Line method over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset maybe impaired. Amortisation of Intangible assets is included in the depreciation and amortisation in the statement of Profit and Loss.

Sr. No.	Asset category	Life in years
1	Computer Software	3 - 5 years
2	Customer Relationship	5 years

The amortisation period and 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.

Intangible assets with indefinite useful lives, if any 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.

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4.6. Borrowing Cost

Borrowing Costs net of any investment income from temporary investment of related borrowings that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized till the month in which the asset is ready to use, as part of the cost of that asset. Other borrowing costs are recognised as expenses in the period in which these are incurred.

4.7. Impairment of non-financial assets

The Group assesses at each balance sheet date whether there is any indication due to internal or external factors that an asset or a group of assets comprising a Cash Generating Unit (CGU) may be impaired. If any such indication exists, the Group estimates the recoverable amount of the assets. If such recoverable amount of the assets or the recoverable amount of the CGU to which the asset belongs is less than the carrying amount of the assets or the CGU as the case may be, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the profit and loss account. If at any subsequent balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the profit and loss account.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. 'An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognised or relates to a change in the estimate of the recoverable amount in the previous periods.

4.8. Financial instruments – initial recognition and subsequent measurement

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.

a) Financial assets

(i) Initial recognition and measurement of financial assets

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 assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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(ii) Subsequent measurement of financial assets

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

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)

- Financial assets at amortised cost :

A financial asset is measured at amortised cost if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured by applying the effective interest rate (EIR) to the gross carrying amount of a financial asset if applicable. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

- Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets, until they are derecognised or reclassified, are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income except for interest income, impairment gains or losses and foreign exchange gains and losses which are recognised in the statement of profit and loss.

- Financial assets at fair value through profit or loss

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A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

Equity Instruments

Investment in equity instruments issued by subsidiary are measured at cost.

In addition, the Group may elect to classify a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

After initial measurement, such financial assets are subsequently measured at fair value with unrealised gains or losses recognised in the statement of profit and loss.

(iii) Derecognition of financial assets

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial asset expire, or
- The Group has transferred its contractual 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 and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group 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 Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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(iv) Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted For.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in the statement of Profit and loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to statement of profit and loss at the reclassification date.

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(v) Impairment of financial assets

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

- Financial assets that are debt instruments, and are measured at amortised cost.
- Financial assets that are debt instruments and are measured as at FVOCI
- Lease receivables under Ind AS 116
- Trade receivables under Ind AS 115

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

- Trade receivables resulting from transactions within the scope of Ind AS 115, if they do not contain a significant financing component
- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 115 that contain a significant financing component, if the Group applies practical expedient to ignore separation of time value of money, and
- All lease receivables resulting from transactions within the scope of Ind AS 116

The application of simplified approach does not require the Group 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 Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in 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 12-month ECL.

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

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

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- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Group is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

- Financial assets measured as at amortised cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not derecognize impairment allowance from the gross carrying amount.
- Loan commitments: ECL is presented as a provision in the balance sheet, i.e. as a liability.

For assessing increase in credit risk and impairment loss, the Group 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.

The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

b) Financial Liabilities

(i) Initial recognition and measurement of financial liabilities

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities.

(ii) Subsequent measurement of financial liabilities

For the purposes of subsequent measurement, financial liabilities are classified and measured as follows:

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- 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 Group 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 statement of profit and loss.

  Financial liabilities designated upon initial recognition at fair value through profit or loss are designated 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 risks are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group 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 and loss. The Group has not designated any financial liability as at fair value through profit and loss.

- Loans and Borrowings at amortised Cost

  This is the category most relevant to the Group. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and 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.

  Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividend on these preference shares are recognised in profit or loss as finance cost.

(iii) Derecognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognised from its balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

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

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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 and loss.

4.9. Derivatives

The Group uses derivative contracts to hedge its exposure against movements in foreign exchange rates. The use of derivative contracts is intended to reduce the risk or cost to the Group. Derivative contracts are not used for trading or speculation purpose.

All derivatives are measured at fair value through the profit or loss unless they form part of a qualifying cash flow hedge, in which case the fair value is taken to reserves and released into the statement of profit and loss at the same time as the risks on the hedged instrument are recognised therein. Any hedge ineffectiveness will result in the relevant proportion of the fair value remaining in the statement of profit and loss. Fair values are derived primarily from discounted cash-flow models, option-pricing models and from third-party quotes. Derivatives are carried as assets when their fair values are positive and as liabilities when their fair values are negative. All hedging activity is explicitly identified and documented by the Group.

4.10. Foreign Currency Transactions

a. Initial Recognition

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

b. Conversion

Current assets and current liabilities, Secured Loans, being monetary items, designated in foreign currencies are revalorized at the rate prevailing on the date of Balance Sheet or forward contract rate or other appropriate rate.

c. Exchange Differences

Exchange differences arising on the settlement and conversion of foreign currency transactions are recognised as income or as expenses in the year in which they arise.

4.11. Leases

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

a. Group as a lessee

A lessee is required to recognise assets and liabilities for all leases and to recognise depreciation of leased assets separately from interest on lease liabilities in the

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statement of Profit and Loss. The Group uses the practical expedient to apply the requirements of this standard to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However, when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty the Group considers that lease to be no longer enforceable. Also according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, the lessee is not required to recognize right-of-use asset and a lease liability. The Group applies both recognition exemptions. The lease payments associated with those leases are generally recognized as an expense on a straight-line basis over the lease term or another systematic basis if appropriate.

Right-of-use Asset
Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Group also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

Lease Liability
Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Lease Modification
For a lease modification that is not accounted for as a separate lease, the Group accounts for the re-measurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

b. Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Group is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of profit and Loss on a straight-line basis over the term of the lease.

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4.12. Inventories

a. Raw materials, components, stores and spares are valued at cost or net realizable value whichever is lower. Cost includes all cost of purchase and incidental expenses incurred in bringing the inventories to their present location and condition.

b. Work-in-process including finished components and finished goods are valued at cost or realisable value whichever is lower. Cost includes direct materials, labour costs and a proportion of manufacturing overheads based on the normal operating capacity.

c. Materials-in-transit and materials in bonded warehouse are valued at actual cost incurred up to the date of balance sheet.

d. Unserviceable, damaged and obsolete inventory is valued at cost or net realisable value whichever is lower.

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

4.13. Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

4.14. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961 and book profit in case of minimum alternate tax under section 115JB of Income Tax Act, 1961 if applicable. 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 in other comprehensive income or directly in equity is recognised in other comprehensive income or in equity, respectively, and not in the statement of Profit and Loss. The 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.

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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 deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax liabilities 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 utilized.

Deferred tax assets are recognised for all deductible temporary differences including, 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 arrangements, 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.

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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 the statement of profit and loss is recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income 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 tax / GST

Expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the GST 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 GST included.

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

4.15. Non-Current Assets held for sale and Discontinuing operations

A. Non-Current Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate use in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

B. Discontinuing operations

Discontinuing operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss account.

Assets and liabilities classified as held for distribution are presented separately from others assets and liabilities in the balance sheet.

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A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

a) Represents a separate major line of business or geographical area of operations,

b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

c) Is a subsidiary acquired exclusively with a view to resale

An entity does not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

4.16. Employee Benefits

a) Short Term Employee Benefits

The distinction between short term and long term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex-gratia, performance pay etc. and are recognised in the period in which the employee renders the related service.

b) Post-Employment Benefits

(i) Defined contribution plan

The Group makes payment to state government provident fund scheme and employee state insurance scheme which are defined contribution plans. The contribution paid/payable under the schemes is recognised in the statement of profit and loss during the period in which the employee renders the related service. The Group has no further obligations under these schemes beyond its periodic contributions.

(ii) Defined benefit plan

The employee's gratuity fund scheme is Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.

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Re-measurements, 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. Re-measurements are not reclassified to the profit or loss in subsequent periods.

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

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

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

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

(iii) Other than the Defined contribution plan and Defined benefit plan disclosed above, the Group does not offer any other Long term employment benefits or Termination benefits to its employees.

4.17. Provisions and Contingencies

Necessary provisions are made for the present obligations that arise out of past events entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

However a disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

4.18. Revenue Recognition

The Group recognizes revenue, when or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's creditworthiness.

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Revenue is the transaction price the Group expects to be entitled to. Variable consideration is included in the transaction price if it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved.

The amount of variable consideration is calculated by either using the expected value or the most likely amount depending on which is expected to better predict the amount of variable consideration.

Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the Group. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not observable, the Group reasonably estimates those. Revenue is recognized for each performance obligation either at a point in time or over time.

Performance obligations are identified based on individual terms of contract. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not observable, the Group reasonably estimates them. Revenue is recognized for each performance obligation either at a point in time or over time.

The incremental cost to obtain a contract are recognised as an asset if the Group expects to recover those cost over the period of contract. Group recognises the incremental costs of obtaining a contract as an expense, when incurred, if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

Contract Balances

Trade Receivable

The amounts billed on customer for work performed and are unconditionally due for payment i.e. only passage of time is required before payment falls due, are disclosed in the Balance Sheet as trade receivables.

Contract Liability

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised when the Group performs under the contract.

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Other Income

Interest Income from a Financial Asset

Interest Income from a Financial Asset is recognized using effective interest rate method.

Others

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

4.19. Government Grant

Grants and subsidies from the government are recognized if the following conditions are satisfied,

- There is reasonable assurance that the Group will comply with the conditions attached to it.
- Such benefits are earned and reasonable certainty exists of the collection.

Export Incentives

Export incentives under various schemes notified by government are accounted for in the year of exports as grant related to income and is recognized as other operating income in the statement of profit and loss if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

4.20. Cash dividend

The Group recognises a liability to make cash distributions to the equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the provisions of Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions, if any, are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

4.21. Earnings Per Share

Earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares

4.22. Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Group are segregated.
Cash and cash equivalents (including bank balances) shown in the Statement of cash flows exclude items which are not available for general use as at the date of the Balance sheet.

4.23. Segment Reporting

a. Identification of Segments

The Group has identified Domestic Business and Exports Business as its reportable segments. The Group is engaged in the business of manufacturing and sales of Submersible Pumps, Electric Motors, Electrical Switches and spares thereof.

b. Allocation of common costs

Common allocable costs are allocated to the Domestic Business Segment based on sales of Domestic Business segment to the total sales of the Group.

c. Unallocated items

Corporate assets and liabilities, income and expenses which relate to the Group as a whole and are not allocable to segments, are included under other reconciling items.

4.24. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquire. Acquisition related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of,

- the sum of consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any)
- over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

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When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as an asset or liability is re-measured at subsequent reporting dates in accordance with Ind AS 109 Financial Instruments or Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets, with the corresponding gain or loss being recognised in profit or loss.

5. Additional Notes to the Financial Statements

5.1. Contingent Liabilities

	(₹ in Lakhs) As at 31 Mar 2021
Contingent Liabilities not provided for	
a. Disputed Sales Tax Demands (₹ 7.38 Lakhs paid as deposit)	535.22
b. Disputed ESI Demands (₹3.10 Lakhs paid as deposit)	29.55
c. Performance Bank Guarantee Outstanding	1071.41
	1636.18

5.2. Commitments

(i) Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of advances) as on 31st March 2021 is ₹ 62.64 lakhs

(ii) Aggregate amount of Bank Guarantees other than the Performance Guarantees outstanding as on 31st March 2021 is ₹ 163.00 lakhs

(iii) Leases

a. Profit and Loss information

Depreciation charge on right-of-use assets:

(₹ in Lakhs)

Particulars	2020-21
Buildings	255.42
Total	**255.42**

Interest expense on lease liabilities:

(₹ in Lakhs)

Particulars	2020-21
Buildings	45.76
Total	**45.76**

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Others:

(₹ in Lakhs)

Particulars	2020-21
Expense recognised in respect of low value leases	-
Expense recognised in respect of short term leases	-
Aggregate undiscounted commitments for short-term leases	-

b. Maturity analysis of lease liabilities

(₹ in Lakhs)

Particulars	As at 31-March-2021
Less than 1 year	162.94
Between 1 year to 5 years	312.33
More than 5 years	-

c. Total cash outflow for leases

(₹ in Lakhs)

Particulars	2020-21
Amortization of the lease liabilities (including advance payments)	140.48
Short term leases and low-value asset leases not included in the measurement of the liabilities	-
Total	**140.48**

d. Other Information

Nature of leasing activity

The Group has leases for Office Building, Factory Buildings and Warehouse. Certain lease contracts provide for payments to increase each year by inflation or and in others to be reset periodically to market rental rates. While other lease contracts comprise only fixed payments over the lease terms.

Extension and termination options

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost. Existing lease agreement do not have any extension option.

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5.3. Payment to Auditors (Net of Taxes)

(₹ in Lakhs)

Sr. No.	Particulars	2020-21
A	Statutory Auditors	
	a. As Auditors	**18.30**
	Audit & Assurance Fees	14.25
	Limited Review	1.80
	Tax Audit Fees	2.25
	b. Certification fees	0.83
	c. Reimbursement of expenses	0.20
	TOTAL (A)	**19.33**

(₹ in Lakhs)

Sr. No.	Particulars	2020-21
B	Cost Auditors	
	a. As auditors	1.25
	b. Certification fees	0.25
	c. Reimbursement of expenses	0.00
	TOTAL (B)	**1.50**
	Grand Total (A+B)	**20.83**

5.4. The Group's exports qualify for export benefits offered in the form of duty credit scrips and duty drawback under foreign trade policy framed by Department General of Foreign Trade (DGFT). Income accounted towards such export incentives and duty drawback amounts to ₹ 487.93 Lakh in FY 2020-21 included in revenue from operations

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5.5 : Disclosure pursuant to Employee benefits

A. Defined contribution plans:
Amount of Rs. 138.77 Lakhs is recognised as expenses and included in Note No. 26 "Employee Benefits Expense"

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

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

₹ in Lakhs

		Gratuity cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income						
	April 1, 2020	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 27)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	March 31, 2021
Gratuity												
Defined benefit obligation	-272.81	-27.61	-18.66	-46.27	74.04	-	-	-0.99	7.54	6.55	-	-238.49
Fair value of plan assets	218.81	-	14.97	14.97	-74.04	-2.85	-	-	-	-2.85	54.00	210.89
Benefit liability	-54.00	-27.61	-3.69	-31.30	-	-2.85	-	-0.99	7.54	3.70	54.00	-27.60
Total benefit liability	-54.00	-27.61	-3.69	-31.30	-	-2.85	-	-0.99	7.54	3.70	54.00	-27.60

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La-gajjar Machineries Private Limited

Notes to the Consolidated Financial Statements

The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

₹ in Lakhs

Particulars	Year ended March 31, 2021
	Rs.
Special Deposit Scheme	-
(%) of total plan assets	-
Insured managed funds	210.89
(%) of total plan assets	100%
Others	-
(%) of total plan assets	-

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

Particulars	Year ended March 31, 2021
Discount rate	6.80%
Future salary increase	7.00%
Expected rate of return on plan assets	6.80%
Expected average remaining working lives (in years)	13
Withdrawal rate (based on grade and age of employees)	
For service 4 years and below	15%
For service 5 years and above	3%

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

Gratuity

₹ in Lakhs

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact) Year ended March 31, 2021
Discount rate	1% increase	22.92
	1% decrease	-26.99
Future salary increase	1% increase	-23.56
	1% decrease	20.90
Withdrawal rate	1% increase	-0.05
	1% decrease	0.01

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

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

Particulars	Year ended March 31, 2021 Rs.
Within the next 12 months (next annual reporting period)	27.91
Between 2 and 5 years	41.19
Beyond 5 years	497.66
Total expected payments	566.76

Weighted average duration of defined plan obligation (based on discounted cash flo ₹ in Lakhs

Particulars	Year ended March 31, 2021 Years
Gratuity	12.00

The followings are the expected contributions to planned assets for the next year: ₹ in Lakhs

Particulars	Year ended March 31, 2021 Rs.
Gratuity	56.06

C. Funding Policy
The Group has a defined benefit gratuity plan in India (funded). The Group's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund.

The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

D. Risk Exposure
Gratuity is a defined benefit plan and Group is exposed to the Following Risks:

Interest rate risk : A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk : The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk : The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk : The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk : Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Concentration Risk : Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

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5.6. The Group has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act) as at 31 Mar 2021. The disclosure pursuant to the said Act is as under.

(₹ in Lakhs)

Particulars	**2020-21**
Total outstanding to MSME suppliers (Excluding Interest & Advance)	5382.68
Payment made to suppliers (other than interest) beyond the appointed day, during the year	12068.26
Interest due and payable to suppliers under MSMED Act, for the payments already made	33.98
Interest due on principal amount remaining unpaid	1.19
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	222.01

The Information has been given in respect of such vendors on the basis of information available with the Group.

5.7. The Group has identified Domestic Business and Export Business as its reportable segments.

(a) Profit (before exceptional items and tax) of reportable segment

(₹ in Lakhs)

Particulars	**2020-21**			
	Domestic Business Segment	**Exports Business Segment**	**Other Reconciling Amounts**	**Consolidated Total**
Segment Revenue	39,038	12,945	-	51,983
Total Revenue	**39,038**	**12,945**	-	**51,983**
Profit Before exceptional items and tax	**2,104**	**1,400**	**-834**	**2,670**
Depreciation and Amortisation	310	133	148	591
Finance Cost	483	159	-	642

(b) Capital employed of reportable segment

(₹ in Lakhs)

Particulars	**2020-21**			
	Domestic Business Segment	**Exports Business Segment**	**Other Reconciling Amounts**	**Consolidated Total**
Assets	20,703	7,230	1,796	29,729
Liabilities	15,480	5,079	1,169	21,728
Capital employed	5,223	2,151	627	8,001

(c) The Group has not made net sales exceeding 10 percent of its total revenue to a single customer.

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5.8. Related parties have been identified as defined under paragraph 9 of Indian Accounting Standard (Ind AS) 24, "Related Party Disclosures"

5.9. **(A) Description of Related Parties**

i) Name of the related party and nature of relationship where control exists:

Sr. No.	**Related Party Category**	**Company**
1	Ultimate Holding Company	Kirloskar Oil Engines Ltd.
2	Post- Employment benefit plan of Company	La-Gajjar Machineries Pvt. Ltd. Employees Group Gratuity Trust
3	Entity controlled by Key Managerial Personnel	Truangle Technologies LLP
		Varuna Engineers Pvt. Ltd.
		Derwent Crystal Pvt. Ltd.
		Snow Leopard Technology Ventures, LLP
		Beluga Whale Capital Management Pte. Ltd.
		Fantasy Games LLP (Upto 23 July 2020)
		Sheth & Gajjar Realty LLP (Upto 23 July 2020)
		Lakom Electricals Pvt. Ltd. (Upto 23 July 2020)
		La-Gajjar Pumps Pvt. Ltd. (Upto 23 July 2020)
4	Entity controlled by close member of Key Managerial Personnel	Fantasy Games LLP (w.e.f. 24 July 2020)
		Sheth & Gajjar Realty LLP (w.e.f. 24 July 2020)
		Lakom Electricals Pvt. Ltd. (w.e.f. 24 July 2020)
		La-Gajjar Pumps Pvt. Ltd. (w.e.f. 24 July 2020)
5	Entity controlled by Key Managerial Personnel of Holding Company	Kloudq Technologies Limited (upto 28 April 2020)
		Navsai Investments Private Limited
		Kirloskar Energen Private Limited
		Lakeland Universal Limited, BVI
		Kirloskar Solar Technologies Pvt. Ltd.
		Expert Quality Cloud Information Technology Pvt. Ltd. (Upto 28 April 2020)
6	Entity controlled by close member of Key Managerial Personnel of Holding Company	Alpak Investments Pvt. Ltd.
		Achyut & Neeta Holdings & Finance Pvt. Ltd. (Upto 28 April 2020)
7	Fellow Subsidiaries	KOEL Americas Corp., USA
		Arka Fincap Ltd.

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ii) **Key Management Personnel and their relatives:**

Sr. No.	Name	Name of Relatives	Relationship
a	T. Vinodkumar (Chairman) (Upto 23 July 2020)	Bernadette Kumar	Wife
		Anisha Kumar	Daughter
b	Sanjeev Nimkar (Vice Chairman)	Ashwini Nimkar	Wife
		Ishita Nimkar	Daughter
		Sakshi Nimkar	Daughter
C	Udayan L. Gajjar	Varun Gajjar	Son
d	Pawan Kumar Agarwal (Chief Finance Officer – KOEL) (Director – LGM w.e.f. 23 July 2020)	Nirmal Kumar Agarwal	Father
		Sumitra Devi Agarwal	Mother
		Priti Agarwal	Wife
		Varun Agarwal	Son
		Tarun Agarwal	Son
e	Atul C. Kirloskar (Executive Chairman - KOEL)	Arti A. Kirloskar	Wife
		Gauri A. Kirloskar (Kolenaty)	Daughter
		Aditi A. Kirloskar (Sahni)	Daughter
		Rahul C. Kirloskar	Brother
		Suman C. Kirloskar	Mother
f	Nihal G. Kulkarni (Managing Director - KOEL) (Upto 28 April 2020)	Shruti N. Kulkarni	Wife
		Ambar G. Kulkarni	Brother
		Jyotsna G. Kulkarni	Mother
g	Rajendra R. Deshpande (Managing Director & CEO - KOEL) (Upto 28 April 2020)	Veena R. Deshpande	Wife
		Kaustubh R. Deshpande	Son
		Sourabh R. Deshpande	Son
h	Smita Raichurkar (Upto 23 July 2020)	Nayan Madhamshettiwar	Husband
		Ritika N. Madhamshettiwar	Daughter
i	Varun Gajjar (Upto 23 July 2020)	Nirali Gajjar	Wife
j	Gauri Kirloskar	Christopher Kolenaty	Husband
		Pia Kolenaty	Daughter
		Maya Kolenaty	Daughter

(B) Transactions with Related Parties

(₹ in Lakhs)

Sr. No.	**Nature of the transaction / relationship / major parties**	**2020-21**	
		Amount	**Amount from major parties**
1	**Gross Sales (Net of sales return)**		
	Ultimate Holding Company	**2824.52**	
	Kirloskar Oil Engines Limited		2824.52
	Total	**2824.52**	**2824.52**

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(₹ in Lakhs)

Sr. No.	Nature of the transaction / relationship / major parties	2020-21	
		Amount	Amount from major parties
2	**Sales Return**		
	Entity controlled by Key Managerial Personnel of Holding Company	**72.53**	
	Kirloskar Oil Engines Limited		72.53
	Total	**72.53**	**72.53**
3	**Rendering of Services from**		
	Key Management Personnel	**17.80**	
	Udayan L. Gajjar		2.80
	T. Vinodkumar		1.60
	Sanjeev Nimkar		5.30
	Smita Raichurkar		0.80
	Varun Gajjar		0.80
	Gauri Kirloskar		2.40
	Pawan Kumar Agarwal		4.10
	Total	**17.80**	**17.80**
4	**Rent / Lease Rentals Paid to**		
	Entity controlled by Key Managerial Personnel (Net of Taxes)	**101.50**	
	Truangle Technologies LLP (Lease Rent)		100.00
	La-Gajjar Pumps Pvt. Ltd. (Rent)		1.50
	Total	**101.50**	**101.50**
5	**Software Purchase**		
	Entity controlled by Key Managerial Personnel of Holding Company	-	
	Kloudq Technologies Ltd		-
	Total	-	-
6	**Expenses paid to**		
	Ultimate Holding Company	**247.48**	
	Kirloskar Oil Engines Ltd.		247.48
	Entity controlled by Key Managerial Personnel of Holding Company	-	
	Kloudq Technologies Ltd		-
	Total	**247.48**	**247.48**
7	**Expense Paid in Advance to**		
	Ultimate Holding Company	**24.66**	
	Kirloskar Oil Engines Ltd.		24.66
	Total	**24.66**	**24.66**

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(₹ in Lakhs)

Sr. No.	Nature of the transaction / relationship / major parties	2020-21	
		Amount	Amount from major parties
8	**Reimbursement / (recovery) of Expenses**		
	Entity controlled by Key Managerial Personnel	**0.10**	
	La-Gajjar Pumps Pvt. Ltd.		0.10
	Total	**0.10**	**0.10**
9	**Rent Deposit & Pre-paid Rent**		
	Entity controlled by Key Managerial Personnel	**33.33**	
	Truangle Technologies LLP		33.33
	Total	**33.33**	**33.33**
10	**Recovery of Rent Deposit**		
	Entity controlled by Key Managerial Personnel	-	
	Truangle Technologies LLP		-
	Total	-	-
11	**Issue of Preference Shares**		
	Ultimate Holding Company	**850.00**	
	Kirloskar Oil Engines Ltd.		850.00
	Total	**850.00**	**850.00**
12	**Interest paid / (recovered)**		
	Ultimate Holding Company	**1.68**	
	Kirloskar Oil Engines Ltd.		1.68
	Total	**1.68**	**1.68**
13	**Contributions Paid**		
	Post-Employment benefit plan of the Company	**27.60**	
	La-Gajjar Machineries Pvt. Ltd. Employees Group Gratuity Trust		27.60
	Total	**27.60**	**27.60**

(₹ in Lakhs)

Sr. No.	Nature of the transaction / relationship / major parties	As at 31 March 2021	
	Outstanding		
1	**Accounts Receivable**		
	Ultimate Holding Company	**603.73**	
	Kirloskar Oil Engines Ltd.		603.73
	Entity controlled by Key Managerial Personnel of Holding Company	-	
	Kloudq Technologies Ltd		-
	Total	**603.73**	**603.73**

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(₹ in Lakhs)

Sr. No.	Nature of the transaction / relationship / major parties	As at 31 March 2021	
2	**Accounts Payable**		
	Key Management Personnel	**17.80**	
	Commission		
	Udayan L. Gajjar		2.80
	T. Vinodkumar		1.60
	Sanjeev Nimkar		5.30
	Smita Raichurkar		0.80
	Varun Gajjar		0.80
	Gauri Kirloskar		2.40
	Pawan Kumar Agarwal		4.10
		17.80	**17.80**
3	**Rent Deposit& Pre-paid Rent**		
	Entity controlled by Key Managerial Personnel	**1233.33**	
	Truangle Technologies LLP		1233.33
	Total	**1233.33**	**1233.33**

The above figures do not include provision for leave encashment and gratuity, as actuarial valuation of such provision for the Key Management Personnel is included in the total provision for Leave encashment & gratuity.

Terms and conditions of transactions with related parties

Transactions entered into with related party are made in ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken during each financial year through examining the financial position of the related party and the market in which the related party operates.

Commitments with related parties

During the year 2017-18 the Group had entered into a lease contract with Truangle Technologies LLP which is agreed to be further extended with certain lock-in period. The Group is committed to pay lease rental of ₹3,69,50,000 upto 31 July, 2023.

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Transactions with key management personnel

Compensation of key management personnel of the Group

(₹ in Lakhs)

Particulars	2020-21
Short-term employee benefits	-
Sitting Fees	-
Commission	17.80
Total compensation paid to key management personnel	**17.80**

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

The above figures do not include provision for leave encashment and gratuity, as actuarial valuation of such provision for the Key Management Personnel is included in the total provision for Leave encashment & gratuity.

5.10. Earnings Per Share (Basic and Diluted)

Particulars	2020-21
Profit for the year after tax (₹ in Lakhs)	1,949.69
Total number of equity shares at the end of the year (One Equity share of face value of ₹ 10/- each)	10,76,000
Weighted average number of equity shares for the purpose of computing Earnings Per Share	10,76,000
Basic and Diluted Earnings Per Share (in ₹)	181.20

Earnings per share are calculated in accordance with Indian Accounting Standard (Ind AS) 33, "Earnings Per Share".

5.11. Revenue Recognition

(A) Set out below is the disaggregation of the Group's revenue from contracts with its customers :

(₹ in Lakhs)

Particulars	Domestic Business	Export Business	Total
Revenue from contracts with customers	38,452.61	12,457.49	50,910.10

(B) The Group has generated revenue of ₹231.44 Lakhs during the year from its Contract Liabilities as on 1 April, 2020.

(C) The Group generally recognizes revenue when the performance obligation is satisfied at a point in time when the control is transferred i.e. either on shipment or upon delivery in domestic and in case of export on the date of bill of lading. The payment is due from the date of sales and are generally on terms of 30 days to 120 days.

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(D) The Group is in the business of manufacturing and trading of Electric Pumpsets and related spares and has a single obligation of delivery of goods as per the commercial contract terms with its customers. In some cases the Group also provides extended warranty to its customers.

(E) The Group provides to its customers warranties in the forms of repairs or replacement under its standard terms and recognizes it as warranty provision as per Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets"

(F) As on 31st March, 2021, the Group has unsatisfied performance obligation of ₹308.18 Lakhs of which ₹159.03 Lakhs will be recognized as revenue in financial year 2021-22 and remaining in subsequent years based on contractual terms.

(G) Reconciliation of the Group's revenue from contract price with revenue recognized in the statement of Profit and Loss is as follows :

(₹ in Lakhs)

Particulars	2020-21
Revenue as per Contract	52,716.63
Less : Discounts and Incentives	1,806.53
Revenue from contracts with customers	**50,910.10**

5.12. Fair value disclosures for financial assets and financial liabilities

The management believes that the fair values of non-current financial assets (e.g., investments at FVPL, loans and others),current financial assets (e.g., cash and cash equivalents, trade and other receivables, loans), non-current financial liabilities and current financial liabilities(e.g. Trade payables and other payables and others) approximate their carrying amounts.

5.13. Financial instruments risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support the Group's operations. The Group's principal financial assets include investments, loans, trade and other receivables, cash and short-term deposits and other financial assets that have been derived directly from its operations. The Group had entered into derivative transactions in the past, however no such transactions have taken place during the current financial year.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Audit Committee and Board review financial risks and the appropriate risk governance framework for the Group's financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors

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reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, investments, trade and other receivables, trade and other payables and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2021.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity provisions.

The following assumption has been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit and loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2021.

i) Interest rate risk

a. Exposure

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.

(₹ in Lakhs)

Particulars	**As at 31st March 2021**
Long Term Fixed Interest Loans	858.60
Short Term Fixed Interest Loans	0.00
Long Term Floating Interest Loans	980.59
Short Term Floating Interest Loans	7,867.04

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b. Interest Rate Sensitivity

(₹ in Lakhs)

Financial Year	Change in Interest rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2021	+50 bps	(44.17)	(44.17)
	-50 bps	44.17	44.17

The sensitivity is calculated only in respect of floating interest rate loan. It is calculated by changing the interest rates by 50 bps keeping all other factors constant.

ii) 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 Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

Amounts in Foreign Currencies

Nature of Exposure	Currency	31 March 2021
Receivable	USD	38,63,749
	EUR	-
Payable	USD	35,28,868
	EUR	26,000

The Group manages its foreign currency risk by hedging transactions related to sales & purchases.

At 31 March 2021, the Group has hedged NIL and NIL USD and EURO respectively, of its total foreign currency exposure. When foreign currency risk is hedged, the Group uses foreign currency forward contracts.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD & EURO exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Group's pre-tax equity is due to changes in profit before tax. The Group's exposure to foreign currency changes for all other currencies is not material.

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(₹ in Lakhs)

Financial Year	Change in USD rate	Effect on profit before tax	Effect on pre-tax equity
31 March, 2021	+5%	9.68	9.68
	-5%	(9.68)	(9.68)

(₹ in Lakhs)

Financial Year	Change in EURO rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2021	+5%	(1.13)	(1.13)
	-5%	1.13	1.13

iii) Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase and manufacture of Pumps & Motors and therefore require a continuous supply of copper, steel and Iron. However, Group being the indirect user of these commodities, volatility in price of such commodity does not have direct or immediate impact on the profitability of the Group. Hence, the Group does not foresee any direct or immediate risk with respect to such commodity price fluctuation.

iv) Other Price Risk

The Group does not hold investments in equity or mutual fund as on the date of Balance Sheet and hence it is not exposed to any such risks.

b) Credit risk

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

Trade receivables

Receivables are reviewed, managed and controlled for each class of customers separately. Credit exposure risk is mainly influenced by class / type of customers, depending upon their characteristics. Credit risk is managed through credit approval process by establishing credit limits along with continuous monitoring of credit worthiness of customers to whom credit terms are granted. Wherever required,

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credit risk of receivables is further covered through letter of credit, bank guarantee, business deposits and such other forms of credit assurance schemes.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are combined into homogenous category and assessed for impairment collectively. The calculation is based on actual incurred historical data. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are spread over vast spectrum.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group in accordance with the Group's policy. Investments of surplus funds are made as per the approved investment policy. Investment limits are set to minimise the concentration of risks and therefore mitigate financial loss if any.

c) Liquidity risk

The Group monitors its risk of a shortage of funds using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

(i) The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

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(₹ in Lakhs)

Particulars	On demand	less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total
Year ended 31 March, 2021						
Interest bearing borrowings	7,867.04	208.47	366.73	1,263.99	0.00	**9,706.23**
Lease Liability	0.00	0.85	162.09	312.33	0.00	**475.27**
Other financial liabilities	114.12	104.43	174.80	0.00	56.71	**450.06**
Trade payables	488.90	9,002.32	0.00	0.00	0.00	**9,491.22**
Derivatives	-	-	-	-	-	**0.00**
	8,470.06	**9,316.07**	**703.62**	**1,576.32**	**56.71**	**20,122.78**

(ii) Net Debt Reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year ended 31 March 2021

Particulars	**31 March 2021**
Cash and cash equivalents	17.42
Current borrowings	(7,867.04)
Non-current borrowings	(1,839.19)
Net Debt	**(9,688.81)**

Particulars	**Cash and cash equivalents**	**Current borrowings**	**Non-current borrowings**	**Total**
Net debt as on 1 April 2020	**22.32**	**(6,966.32)**	**(1,874.80)**	**(8,818.80)**
Cash flows	(4.90)	(900.72)	35.61	(870.01)
Net debt as on 31 March 2021	**17.42**	**(7,867.04)**	**(1,839.19)**	**(9,688.81)**

5.14. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the current year ended 31 March 2021 in comparison to the previous year ended 31 March 2020.

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5.15. Expenditure on CSR Activities

(₹ in Lakhs)

1	Gross amount required to be spent by the Group during the year	12.59
2	Amount spent during the year	12.65

5.16 Disclosure in terms of Schedule III of the Companies Act, 2013

Particulars	Net Assets (i.e. Total assets minus total liabilities)		Share in Profit/(Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit/loss amount	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
FY 2020-21								
1. Parent : La-Gajjar Machineries Private Limited	100.01%	8001.68	100.05%	1950.65	100.00%	2.77	100.05%	1953.42
2. Subsidiary : Optiqua Pipes and Electricals Private Limited	0.05%	4.04	-0.05%	-0.96	0.00%	0.00	-0.05%	-0.96
Add/(Less): Minority interests in all subsidiaries	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Add/(Less): Inter-company eliminations	-0.06%	-5.00	0.00%	0.00	0.00%	0.00	0.00%	0.00
Total	**100.00%**	**8000.72**	**100.00%**	**1949.69**	**100.00%**	**2.77**	**100.00%**	**1952.46**

5.17 Disclosure of interest in Subsidiaries and interest of Non Controlling Interest:

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of Subsidiary	Place of Incorporation and Place of Operation	Proportion of ownership interest and voting power 2020-21
Optiqua Pipes and Electricals Private Limited	India	100%

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NOTE 32: Standards issued but not yet effective

Following exposure drafts have been issued by the Institute of Chartered Accountants of India:

1. **Amendment to Ind AS 116, "Leases" - Covid-19-Related Rent Concessions beyond 30 June 2021**

   On 24 July 2020, the MCA issued the Companies (Indian Accounting Standard) Amendment Rules, 2020 which amended Ind AS 116 to provide relief for lessees in accounting for eligible rent concessions upto 31 July 2021 that are a direct consequence of COVID-19. The exposure draft on amendments to Ind AS 116 issued by the Institute of Chartered Accountants of India proposes amendments to extend the relief for lessees in accounting for eligible rent concessions upto 31 July 2022.

2. **Amendment to Ind AS 116, "Leases" - Interest Rate Benchmark Reform: Phase 2**

   The exposure draft on amendments to Ind AS 116 issued by the Institute of Chartered Accountants of India proposes amendments to include a practical expedient in respect of all lease modifications that change the basis for determining future lease payments as a result of interest rate benchmark reform.

3. **Amendments to Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets" – Onerous Contracts**

   The exposure draft on amendments to Ind AS 37 issued by the Institute of Chartered Accountants of India proposes amendments regarding costs a Group should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

4. **Amendments to Ind AS 16, "Property, Plant and Equipment" – Proceeds before Intended Use**

   The exposure draft on amendments to Ind AS 16 issued by the Institute of Chartered Accountants of India proposes amendments regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

5. **Amendments to Ind AS 103, "Business Combinations" – Reference to the Conceptual Framework**

   The exposure draft on amendments to Ind AS 103 issued by the Institute of Chartered Accountants of India proposes amendments to change out updated reference to "Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards" and update it with reference to "Conceptual Framework for Financial Reporting under Indian Accounting Standards". It also proposes certain consequential amendments.

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6. **Amendments to 101, "First-time Adoption of Indian Accounting Standards" – Subsidiary as a First-time Adopter**
   The exposure draft on amendments to Ind AS 101 issued by the Institute of Chartered Accountants of India proposes amendments to simplify the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

7. **Amendments to 41, "Agriculture" – Taxation in Fair Value Measurements**
   The exposure draft on amendments to Ind AS 41 issued by the Institute of Chartered Accountants of India proposes amendments to remove a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in Ind AS 41 with those in other Ind AS's.

8. **Amendments to Ind AS 109, "Financial Instruments" and Ind AS 107, "Financial Instruments: Disclosures" - Interest Rate Benchmark Reform: Phase 2**
   The exposure draft on amendments to Ind AS 109 and Ind AS 107 issued by the Institute of Chartered Accountants of India proposes amendments to assist entities in providing useful information about the effects of the transition to alternative benchmark rates and support preparers in applying the requirements of Ind AS's when changes are made to contractual cash flows or hedging relationships as a result of the transition to an alternative benchmark interest rate.

9. **New Indian Accounting Standard (Ind AS) 117, Insurance Contracts**
   The exposure draft of Ind AS 117 is issued by the Institute of Chartered Accountants of India as replacement for Ind AS 104 Insurance Contracts.

10. **Amendments to Division I, II and III of Schedule III**
   On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of schedule III and are applicable from April 1, 2021. The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

The above exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2021 as at the date of approval of these financial statements. On issue of the amendment by MCA, the Group would evaluate the impact of the change in the consolidated financial statements.

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LA-GAJJAR MACHINERIES PRIVATE LIMITED

NOTE 33: Since the consolidated financial statements are applicable to the Group from the current year pursuant to incorporation of Optiqua Pipes and Electricals Private Limited in FY 2020-21, there are no corresponding figures relate to previous year for the consolidated financials.

All amounts disclosed in financial statements and notes are presented in "Rupees Lakhs" and have been rounded off to two decimal places as per the requirement of Division II of Schedule III to the Act, unless otherwise stated.

Signatures to Note 1 to 33, forming part of the Financial Statements.

As per our attached report of even date

FOR P G BHAGWAT LLP
Chartered Accountants
Firm Registration Number : 101118W/ W100682

NACHIKET DEO
Partner
Membership Number: 117695

P.G. BHAGWAT LLP * PUNE * CHARTERED ACCOUNTANTS

Pune : 30 April, 2021

For and on behalf of the Board of Directors

SANJEEV NIMKAR
Vice Chairman
DIN: 07869394

PAWAN KUMAR AGARWAL
Director
DIN: 02723352

Sd/-
CHINTAN VYAS
Finance Head

Pune : 30 April, 2021