BEFORE THE NATIONAL COMPANY LAW TRIBUNAL

NEW DELHI BENCH (COURT V), NEW DELHI

(ORIGINAL JURISDICTION)

COMPANY APPLICATION NO. CA (CAA) 15 (ND) OF 2020

IN THE MATTER OF THE COMPANIES ACT, 2013 (18 OF 2013)

SECTIONS 230, 232 & 66

AND

IN THE MATTER OF SCHEME OF ARRANGEMENT

AND

IN THE MATTER OF

ECE INDUSTRIES LTD

APPLICANT/TRANSFEREE COMPANY

AND

KUMAR METALS PVT LTD

NON-APPLICANT/TRANSFEROR COMPANY

Explanatory Statement

[Under sections 230, 232 & 66 of the Companies Act, 2013 and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, and other applicable provisions, if any]

1. An Application being CA (CAA) 15 (ND) of 2020, was filed before the Hon'ble National Company Law Tribunal, New Delhi Bench (Court V), New Delhi (hereinafter referred to as "the Tribunal/NCLT") under the provisions of section 230, 232 & 66 of the Companies Act, 2013, and other applicable provisions, if any, in connection with the proposed Scheme of Arrangement of Kumar Metals Pvt Ltd and ECE Industries Ltd (hereinafter referred to as "the Scheme of Arrangement" or "this Scheme or "the Scheme") and other connected matters, if any.

2. Pursuant to the Order dated 24th February, 2020 (date of pronouncement), passed by the Hon'ble Tribunal, in the above referred Company Application, separate meetings of Equity Shareholders, Secured Creditors and Un-secured Creditors of ECE Industries Ltd (the Transferee Company) are scheduled to be convened under the supervision of the Hon'ble National Company Law Tribunal, for the purpose of considering and, if thought fit, approving, with or without modifications, the proposed Scheme of Arrangement and other connected matters, if any, **on Saturday, 18th April, 2020 at The Executive Club Resort, 439, Kharak Road, Shahoorpur Extension, Sat Bari, Chhatarpur, New Delhi-110 074**, as per the following schedule:

Sl. No.	Meetings of ECE Industries Ltd	Time
1.	Secured Creditors	11:30 A.M.
2.	Un-secured Creditors	12:30 Noon
3.	Equity Shareholders	3:30 P.M.

3. The Scheme of Arrangement, inter alia, provides for the following:

i. Amalgamation of Kumar Metals Pvt Ltd with ECE Industries Ltd;

ii. Re-organisation of Capital of ECE Industries Ltd, on voluntary basis; and

iii. Other matters connected with the aforesaid amalgamation and Re-organisation of Capital.

A copy of the Scheme of Arrangement setting out the terms and conditions of the proposed amalgamation/Re-organisation of Capital and other connected matters, is enclosed with this Explanatory Statement.

4. Companies to the Scheme and their Background

4.1 The Applicant Transferee Company-ECE Industries Ltd:

i. The Applicant Transferee Company-ECE Industries Ltd [Corporate Identification No. (CIN): U 31500 DL 1945 PLC 008279; Income Tax Permanent Account No. (PAN): AAA CE 1936 C] (hereinafter referred to as "the Transferee Company/the Company") was originally incorporated under the provisions of the Companies Act, 1913, as a public limited company with the name and style as 'Electric Construction and Equipment Company Ltd' vide Certificate of Incorporation dated 13th June, 1945, issued by the Assistant Registrar of Joint Stock Companies, Bengal, Calcutta.vi.

vii. The Company was issued Certificate for Commencement of Business dated 30th July, 1945 by the Registrar of Joint Stock Companies, Bengal, Calcutta. Registered Office of the Company was shifted from the State of West Bengal to the NCT of Delhi as approved by the Hon'ble Company Law Board, Eastern Region Bench, Calcutta, vide Order dated 17th May, 1976. The Registrar of Companies, New Delhi, registered the aforesaid order and allotted a new CIN to the Company. Name of the Company was changed to its present name 'ECE Industries Ltd' vide Fresh Certificate of Incorporation dated 5th June, 1987, issued by the Additional Registrar of Companies, Delhi and Haryana, New Delhi.

viii. Presently, the Registered Office of the Transferee Company is situated at ECE House, 28-A, Kasturba Gandhi Marg, New Delhi- 110 001; e-mail: ecehodelhi@gmail.com.

ix. The detailed objects of the Transferee Company are set out in the Memorandum of Association and are briefly stated as below:

A. Main Objects:

1. *To carry on in India and/or elsewhere the business of iron and steel founders and manufacturers; mechanical, electrical and general engineers and contractors; manufacturers of and dealers in electric, magnetic, galvanic, and other apparatus; iron and street converters, tool-makers, brass founders, plate-makers, metal workers, boiler-makers, manufacturers of steel-casting and manufacturers of all kinds of electrical and electronic goods such as transformers, refrigerators, motors, fans, measuring instruments, insulations, domestic and industrial equipments including elevators, elevator components, escalators, pathways, switchgears and power plants.*

x. Presently, the Transferee Company is engaged in manufacturing of electric power transformers, elevators and other related activities.

xi. Present Authorised Share Capital of the Transferee Company is ₹15,00,00,000 divided into 1,45,00,000 Equity Shares of ₹10 each aggregating to ₹14,50,00,000; and 50,000 Preference Shares of ₹100 each aggregating to ₹50,00,000. The present Issued and Subscribed Capital of the Company is ₹7,33,39,000 divided into 73,33,875 Equity Shares of ₹10 each. The present Paid-up Share Capital of the Company is ₹7,29,03,100 divided into 72,88,645 Equity Shares of ₹10 each aggregating ₹7,28,86,450 and ₹16,650 being amount paid on the forfeited shares.

xii. Detail of the present Board of Directors of the Transferee Company is given below:

Sl. No.	Name & Address	DIN	Designation
1	**Mr Prakash Kumar Mohta** 7, Ronaldshay Road, Alipore, Kolkata-700 027	00191299	Managing Director
2	**Mr Sakate Khaitan** 5, Queens Park, Kolkata-700 019	01248200	Director
3	**Mr Mahendra Kumar Jajoo** W-10/14, Western Avenue, Sainik Farm, New Delhi-110 062	00006504	Director
4	**Mrs Maulashree Gani** 7, Ronaldshay Road, Alipore, Kolkata-700 027	02496033	Director
5	**Mr Shiban Ganju** A-10, Greater Kailash-I, New Delhi-110 048	03434994	Director
6	**Mr Yogesh Dahyalal Korani** Opp. Aradhana Jain Temple, 187-B/201, Yashodhan Bldg., R.B. Mehta Marg, Mumbai- 400 077	00041923	Director

4.2 The Non-Applicant Transferor Company-Kumar Metals Pvt Ltd:

i. The Transferor Company-Kumar Metals Pvt Ltd [Corporate Identification No. (CIN): U 36911 WB 1973 PTC 028719; Income Tax Permanent Account No. (PAN): AAB CK 3026 C] (hereinafter referred to as "the Transferor Company/the Company") was originally incorporated under the provisions of the Companies Act, 1956, as a private limited company vide Certificate of Incorporation dated 5th March, 1973, issued by the Registrar of Companies, West Bengal, Kolkata.

ii. Presently, the Registered Office of the Transferor Company is situated at 15, India Exchange Place, 3rd Floor, Kolkata-700 001, West Bengal; e-mail: kumarmetal35@gmail.com.

iii. The detailed objects of the Transferor Company are set out in the Memorandum of Association and are briefly stated as below:

A. Main Objects:

1. *To buy, sell, import, export and deal both wholesale and retail in commodities, substances, apparatus, articles and things of all kinds including but, not limited to cotton, rags, wastes, bronze, copper, brass, strips, pipes, tubes etc. and manufacture and deal in and with all kinds of metals and to carry on the business of labour contractors, polishing contract or s, material contractors, merchants and dealers in all sorts of mot a is and hardware goods and automobile parts.*

2. *To carry on the business of Automobile Engineers, mechanical Engineers, iron founders, manufacturers of and/or dealers in tyres, tubes, motors, motor parts, motor accessories, agricultural implements and other machinery, filters, tool makers, brass founders, metal makers, structural fabricators, boiler makers, mill wrights, machinists, iron & steel converters smiths, wire drawers, steel rollers, tube makers, metallurgists, saddlers, galvanisers, annealers.*

3. *To buy, sell, manufacture, repair, convert, alter, let on hire and deal in machinery, apparatus, implements, rolling stock and hardware of all kinds.*

4. *To carry on the said business as principals and/or agents and/or distribution and/or stockiest.*

iv. Presently, the Transferor Company is engaged in manufacturing of gum powder, yellow and white dextrin, white paste used for pasting of flaps and labels, etc., and other related activities.

v. Present Authorised Share Capital of the Transferor Company is ₹5,00,000 divided into 5,000 Equity Shares of ₹100 each. The present Issued, Subscribed and Paid-up Share Capital of the Company is ₹1,00,000 divided into 1,000 Equity Shares of ₹100 each.

vi. Detail of the present Board of Directors of the Company is given below:

Sl. No.	Name & Address	DIN	Designation
1.	**Mr Basant Kumar Daga** 70D, Hindustan Park, Kolkata – 700029	00922769	Director
2.	**Mr Gokul Chand Damani** 28/T/1, Ramkrishna Samnadhi Road, 3rd Floor, Kolkata - 700054	00191101	Director

5. **Detail of the Promoters:** The Transferor Company is a Wholly Owned Subsidiary of the Transferee Company. Entire Share Capital of the Transferor Company is held by the Transferee Company and its nominee shareholders. The Transferee Company is an un-listed public limited company. Both the Companies are under common management and control.

Mr Prakash Kumar Mohta along with his family members are the Promoters of both the Transferor Company and the Transferee Company. Detail of the Core Promoter is given below:

Sl. No.	Name, Address	DIN
1.	**Mr Prakash Kumar Mohta** 7, Ronaldshay Road, Alipore, Kolkata-700 027	00191299

6. The proposed Amalgamation of Kumar Metals Pvt Ltd with ECE Industries Ltd; Re-organisation of Capital of ECE Industries Ltd, on voluntary basis; and other connected matters, will be affected by the arrangement embodied in the Scheme of Arrangement framed under sections 230, 232 & 66 of the Companies Act, 2013, the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the National Company Law Tribunal Rules, 2016, and other applicable provisions, if any.

7. **Rationale and Benefits of the Scheme:**

The circumstances which justify and/or necessitate the proposed Scheme of Arrangement of Kumar Metals Pvt Ltd and ECE Industries Ltd are, inter alia, as follows:

7.1 Amalgamation of Kumar Metals Pvt Ltd with ECE Industries Ltd

a. The Transferor Company is a Wholly Owned Subsidiary of the Transferee Company. The proposed Amalgamation would result in consolidation of the Wholly Owned Subsidiary with its Parent/Holding Company.

b. Both the Transferor and Transferee Companies are under same management and it would be advantageous to us to combine the activities and operations in a single Company and building strong capability to effectively meet future challenges in competitive business environment;

c. The proposed Amalgamation would result in business synergy, pooling of physical, financial and human resource of these Companies for the most beneficial utilization of these factors in the combined entity.

d. The proposed Amalgamation will result in usual economies of a centralized and a large company including elimination of duplicate work, reduction in overheads, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency. The proposed Scheme will enable these Companies to combine their managerial and operating strength, to build a wider capital and financial base and to promote and secure overall growth.

- **e.** The amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Transferee Company as well as by the Transferor Company.
- **f.** The proposed amalgamation would enhance the shareholders' value of the Transferor and the Transferee Companies.
- **g.** The proposed Amalgamation will have beneficial impact on the Transferor and the Transferee Companies, their shareholders, employees and other stakeholders and all concerned.

7.2 Re-organisation of Capital of ECE Industries Ltd, on voluntary basis

i. Initially, the Transferee Company-ECE Industries Ltd was listed on the BSE Ltd (Bombay Stock Exchange/BSE) and the National Stock Exchange of India Ltd (National Stock Exchange/NSE). It was delisted from BSE in the year 2015. However, it remained listed on NSE. Subsequently, the Promoters of the Transferee Company had proposed for complete delisting of the Company and accordingly had provided an exit opportunity ("Delisting Offer") to the Public Shareholders of the Company in terms of the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ("the Delisting Regulations") and other applicable provisions, if any.

The Final Exit Price, in respect of the Delisting Offer of the Company was finalized at ₹233.66 per Equity Share. Accordingly, all the Public Shareholders of the Company who had successfully tendered their Equity Shares during the Bid Period, were paid the consideration at the Exit Price. After the acquisition of the Equity Shares pursuant to the Delisting Offer, the Promoters and Promoters' Group holding in the Company increased beyond 90% of the total paid–up Equity Share Capital of the Transferee Company.

The Company had thereafter applied for delisting of its Equity Shares from the NSE, the only stock exchange where its Equity Shares were listed. Consequent to the same, the Transferee Company got delisted from NSE with effect from 17th May, 2019. Presently, the Transferee Company is an un-listed public limited company.

In terms of the provisions of the Delisting Regulations, the Public Shareholders of the Transferee Company who have not tendered their shares for purchase by the Promoters, are entitled to do so at any time during the period of one year from the date of delisting of Equity Shares of the Company from NSE, i.e., from 17th May, 2019 to 16th May, 2020 ("the Exit Period") at the Exit Price of ₹233.66 per Equity Share.

ii. Post delisting, the Transferee Company-ECE Industries Ltd has a large number of public shareholders. However, there has not been much liquidity in the shares held by the Public Shareholders of the Transferee Company. After the expiry of the statutory one year of extended exit window available the Public Shareholders, there will not be much opportunity for the public shareholders to sell/transfer their shares in the Company.

iii. In order to provide further opportunity to the Public Shareholders of the Transferee Company, it is proposed to re-organise the equity share capital of the Transferee Company, by cancelling up to 6,13,872 Equity Shares of ₹10 each held by the Public Shareholders, on voluntary basis; and to issue equivalent number of 9% non-cumulative Compulsorily Redeemable Preference Shares in place of the such cancelled Equity Shares.

It is clarified that a Public Shareholder is entitled to retain his/her/its equity shareholding in the Transferee Company by giving a notice of such intention to the Transferee Company any time up to the Record Date to be fixed for such purpose. In all the cases where the Transferee Company receives intimation from the Public Shareholders to retain their equity shareholding in the Transferee Company, equity shares with respect to all such shareholders will not be cancelled and will not be replaced with 9% non-cumulative Compulsorily Redeemable Preference Shares.

iv. The proposed re-organisation will provide a permanent liquidity option for illiquid shares of the Company. It will help the non-promoter shareholders in realising the true potential of their investments in the Transferee Company which can be gainfully deployed elsewhere.

v. It is clarified that the aforesaid re-organisation of Share Capital would not involve either the diminution of any liability in respect of un-paid share capital or payment to any shareholder of any paid-up share capital. The Company is not proposing any buy-back of shares from its shareholders.

vi. It is further clarified that no creditor of the Transferee Company will be adversely affected by the proposed re-organisation of share capital. Compulsorily Redeemable Preference Shares to be issued in terms of this Scheme, shall be redeemed in accordance with the provisions of the Companies Act, 2013, relating to the redemption of preference shares. Hence, such redemption of Preference Shares will not be deemed to be a reduction of capital of the Transferee Company.

vii. The proposed Scheme would enhance the shareholders' value of the Transferor Company and the Transferee Company.

7.3 The Scheme of Arrangement is proposed for the aforesaid reasons. The Board of Directors and Management of the Transferor Company and the Transferee Company is of the opinion that the proposed Scheme is in the best interest of these Companies, their Shareholders and other stakeholders.

8. **Salient features of the Scheme of Arrangement**

i. All assets and liabilities including Income Tax and all other statutory liabilities, if any, of the Transferor Company will be transferred to and vest in the Transferee Company.

ii. All the employees of the Transferor Company in service on the Effective Date, if any, shall become the employees of the Transferee Company on and from such date without any break or interruption in service and upon terms and conditions not less favorable than those subsisting in the Transferor Company on the said date.

iii. Appointed Date for the Scheme will be 1st January, 2020, or such other date, as the Hon'ble National Company Law Tribunal or any other competent authority may approve.

iv. Since the Transferor Company is a wholly owned subsidiary of the Transferee Company, no new share will be issued by the Transferee Company pursuant to the Amalgamation.

v. On Re-organisation of Share Capital, up to 6,13,872 Equity Shares of ₹10 each of the Transferee Company-ECE Industries Ltd which are held by the Public Shareholders will be cancelled and equal number of 9% non-cumulative Compulsorily Redeemable Preference Shares of ₹10 each, credited as fully paid-up, will be issued by the Transferee Company to all such Public Shareholders, on voluntary basis. 9% non-cumulative Compulsorily Redeemable Preference Shares to be issued in terms of the above, will be redeemed in terms of the provisions of the Companies Act, 2013, at price of ₹233.66 per Equity Share [face value of ₹10 each and redemption premium of ₹223.66 per Equity Share] within a maximum period of 20 years from the date of issue of such Redeemable Preference Shares with a put and call option available to the Preference Shareholders and the Issuer Company for early redemption.

It is, however, clarified that a Public Shareholder is entitled to retain his/her/its equity shareholding in the Transferee Company by giving a notice of such intention to the Transferee Company any time up to the Record Date to be fixed for such purpose. In all the cases where the Transferee Company receives intimation from the Public Shareholders to retain their equity shareholding in the Transferee Company, equity shares with respect to all such shareholders will not be cancelled and will not be replaced with 9% non-cumulative Compulsorily Redeemable Preference Shares.

9. **Extracts of the Scheme:** Extracts of the selected clauses of the Scheme are reproduced below in italics *(points/clauses referred to in this part are of the Scheme of Arrangement)*:

1.1 DEFINITIONS

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning as given below:

i. ***"Act"*** *means the Companies Act, 2013 (18 of 2013), the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the National Company Law Tribunal Rules, 2016, and other applicable Rules made there under and includes any amendments, statutory re-enactments and modifications thereof for the time being in force; and the Companies Act, 1956 (1 of 1956), to the extent applicable, if any.*

ii. ***"Amalgamation"*** *means amalgamation of the Transferor Company with and into the Transferee Company in terms of the Scheme in its present form or with any modification(s) as approved by the Hon'ble National Company Law Tribunal or any other competent authority, as the case may be.*

iii. ***"Applicable Law(s)"*** *means any relevant statute, notification, by-laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, schemes, notices, treaties, judgement, decree, approvals, orders or instructions enacted or issued or sanctioned by any Governmental and Registration Authority, having the force of law and as applicable to Companies;*

iv. ***"Appointed Date"*** *for the purpose of this Scheme means commencement of business on 1st January, 2020, or such other date as the Hon'ble National Company Law Tribunal or any other competent authority may approve.*

v. ***"Board" or "Board of Directors"*** *means the Board of Directors of the respective Transferor and Transferee Companies, as the case may be, and shall, unless it is repugnant to the context or otherwise, include Committee(s) so authorised by the Board of Directors, or any person authorised by the Board of Directors or such Committee(s).*

vi. ***"Effective Date"*** *means last of the dates on which the certified copies of the Order(s) passed by the Hon'ble National Company Law Tribunal, sanctioning the Scheme of Arrangement, are filed with the concerned Registrar of Companies, Ministry of Corporate Affairs.*

vii. ***"Encumbrance"*** *means (a) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any person, including any right granted by a transaction which in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Laws; (b) any proxy, power of attorney, voting trust agreement, interest, option, right of first offer, refusal or transfer restriction in favour of any person; and (iii) any adverse claim as to title, possession or use.*

viii. ***"FEMA"*** *means the Foreign Exchange Management Act, 1999 along with the rules and regulations made there under and shall include any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force.*

ix. ***"Intellectual Property Rights"*** *means, whether registered or not, in the name of or recognized under Applicable Laws as being intellectual property of the Transferor Company, or in the nature of common law rights of the Transferor Company, all domestic and foreign (a) trademarks, service marks, brand names, internet domain names, websites, online web portals, trade names, logos, uniforms and all applications and registration for the foregoing and all goodwill associated with the foregoing and symbolized by the foregoing; (b) confidential and proprietary information and trade secrets; (c) published and unpublished works of authorship and copyrights therein, and registrations and applications therefor, and all renewals, extensions, restorations and reversions thereof; (d) computer software, programs (including source code, object code, firmware, operating systems and specifications) and processes; (e) designs, drawings, sketches; (f) tools, databases, frameworks, customer data, proprietary information, knowledge, any other technology or know-how, licenses, software licenses and formulas; (g) ideas and all other intellectual property or proprietary rights; and (h) all rights in all of the foregoing provided by Applicable Laws.*

x. ***"IT Act"*** *means the Income Tax Act, 1961, and the rules made there under and shall include any statutory modification(s), amendment(s)* or re-enactment(s) thereof for the time being in force.

xi. ***National Company Law Tribunal*** *means appropriate Bench/Benches of the Hon'ble National Company Law Tribunal constituted under the Companies Act, 2013, or such other court, tribunal, forum or authority having jurisdiction to sanction the present Scheme and other connected matters. The National Company Law Tribunal has been referred to as the Tribunal/NCLT.*

xii. ***"Record Date"*** *means the date to be fixed by the Board of Directors of the Transferee Company, with reference to which status of the shareholders of the Transferee Company shall be determined for re-organisation of share capital of the Transferee Company in terms of this Scheme; and other connected matters, if any.*

xiii. ***"Registrar of Companies"*** *means concerned Registrar(s) of Companies, Ministry of Corporate Affairs having jurisdiction under the Companies Act, 2013, and other applicable provisions, if any, on the respective Companies.*

xiv. ***"Scheme"*** *means the present Scheme of Arrangement framed under the provisions of sections 230, 232 & 66 of the Companies Act, 2013, the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Income Tax Act, 1961, and other applicable provisions, if any, where under (a) Kumar Metals Pvt Ltd is proposed to be amalgamated with ECE Industries Ltd; and (b) Share Capital of ECE Industries Ltd is proposed to be re-organised (on voluntary basis), in the present form or with any modification(s) approved or imposed or directed by Members/ Creditors of these Companies and/or by any competent authority and/or by the Hon'ble National Company Law Tribunal or that may otherwise be deemed fit by these Companies.*

2. TRANSFER AND VESTING OF UNDERTAKING

a. *With effect from the commencement of business on 1st January, 2020, i.e., the Appointed Date, subject to the provisions of the Scheme in relation to the modalities of transfer and vesting, the undertaking and entire business and all immovable properties (including agricultural land, industrial land, residential land and all other land and plots) where so ever situated and incapable of passing by physical delivery as also all other assets, capital work-in-progress, current assets, investments, deposits, bookings and advances against residential and commercial plots and buildings, powers, authorities, awards, allotments, approvals and consents, licenses, registrations, contracts, agreements, engagements, arrangement, rights, intellectual property rights, titles, interests, benefits and advantages of whatsoever nature belonging to or in the ownership, power, possession, control of or vested in or granted in favour of or enjoyed by the Transferor Company, including but without being limited to, benefit of all agreements and all other interests arising to the Transferor Company (hereinafter collectively referred to as "the said assets") shall, without any further act or deed or without payment of any duty or other charges, be transferred to and vested in the Transferee Company pursuant to the provisions of Section 232 of the Act, for all the estate, right, title and interest of the Transferor Company therein so as to become the property of the Transferee Company but, subject to mortgages, charges and encumbrances, if any, then affecting the undertaking of the Transferor Company without such charges in any way extending to the undertaking of the Transferee Company.*

b. *Notwithstanding what is provided herein above, it is expressly provided that in respect to such of the said assets as are movable in nature or are otherwise capable of being transferred by physical delivery or by endorsement and delivery, the same shall be so transferred, with effect from the appointed date, by the Transferor Company to the Transferee Company after the Scheme is duly sanctioned and given effect to without requiring any order of the Tribunal or any deed or instrument of conveyance for the same or without the payment of any duty or other charges and shall become the property of the Transferee Company accordingly.*

c. *On and from the Appointed Date, all liabilities, provisions, duties and obligations including Income Tax and other statutory liabilities, if any, of every kind, nature and description of the Transferor Company whether provided for in the books of accounts of the Transferor Company or not, shall devolve and shall stand transferred or be deemed to be transferred without any further act or deed, to the Transferee Company with effect from the Appointed Date and shall be the liabilities, provisions, duties and obligations of the Transferee Company.*

d. *Similarly, on and from the Appointed Date, all the taxes and duties including advance tax, tax deducted at source, tax collected at source, minimum alternative tax (MAT), self-assessment tax, Goods and Services Tax (GST), etc., paid by or on behalf of the Transferor Company immediately before the amalgamation, shall become or be deemed to be the property* *of the Transferee Company by virtue of the amalgamation. Upon the Scheme becoming effective, all the taxes and duties paid (including TDS, MAT and GST, etc.) by or on behalf of the Transferor Company from the Appointed Date, regardless of the period to which these payments relate, shall be deemed to have been paid for and on behalf of and to the credit of the Transferee Company as effectively as if the Transferee Company had paid the same.*

e. *Upon the Scheme becoming effective, all un-availed credits and exemptions, statutory benefits, including in respect of Income Tax (including MAT credit), CENVAT, Customs, VAT, Sales Tax, Service Tax, Goods and Services Tax, etc., of the Transferor Company, shall be available to and vest in the Transferee Company, without any further act or deed.*

f. *Without prejudice to the generality of the provisions contained in aforesaid clauses, upon the Scheme becoming effective, requisite form(s) will be filed with the Registrar of Companies for creation, modification and/or satisfaction of charge(s), to the extent required, to give effect to the provisions of this Scheme.*

g. *On the Scheme becoming effective, the Transferee Company shall be entitled to file/revise income tax returns, TDS returns, GST returns, and other statutory filings and returns, filed by it or by the Transferor Company, if required, and to take all such steps that may be required to give effect to the provisions of this Scheme and/or required to claim refunds, depreciation benefits, advance tax credits, un-availed credits and exemptions, statutory benefits, etc., if any.*

h. *With effect from the Effective Date and until such time names of the bank accounts of the Transferor Company are replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the existing bank accounts of the Transferor Company, in so far, as may be necessary. The banks shall also honor cheques or other bills issued in the name of the Transferor Company on and from the Effective Date. Further, the Transferee Company, if so required, shall also be entitled to maintain one Bank Account in the name of the Transferor Company to enable it to deposit/encash any refund or other payment received in the name of the Transferor Company. All such deposits will, then, be transferred to the bank account of the Transferee Company. It may, however, be clarified that such bank account (in the name of the Transferor Company) will be used only for the limited purpose of depositing/encashing any refund or other payments received in the name/in favour of the Transferor Company. Such bank account will not be used for normal banking transactions.*

i. *All other assets & liabilities of the Transferor Company, which may not be specifically covered in the aforesaid clauses, shall also stand transferred to the Transferee Company with effect from the Appointed Date.*

4. LEGAL PROCEEDINGS

All legal proceedings of whatever nature by or against the Transferor Company pending on the Effective Date, shall not be abated, be discontinued or be, in any way, prejudicially affected by reason of the transfer of the undertaking of the Transferor Company or of anything contained in this Scheme but the proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if the Scheme had not been made.

5. OPERATIVE DATE OF THE SCHEME

a. This Scheme shall be effective from the last of the dates on which certified copies of order of the Tribunal under Sections 230 and 232 of the Companies Act, 2013, are filed in the office(s) of the concerned Registrar of Companies. Such date is called as the Effective Date.

b. Though this Scheme shall become effective from the Effective Date, the provisions of this Scheme shall be applicable and come into operation from the Appointed Date.

9. ISSUE OF SHARES BY TRANSFEREE COMPANY

Since the Transferor Company is a wholly owned subsidiary of the Transferee Company, no new share will be issued by the Transferee Company pursuant to the amalgamation of the Transferor Company with the Transferee Company.

11. RE-ORGANISATION OF CAPITAL OF ECE INDUSTRIES LTD, ON VOLUNTARY BASIS

i. *Post delisting, the Transferee Company-ECE Industries Ltd has a large number of public shareholders. However, there has not been much liquidity in the shares held by the Public Shareholders of the Transferee Company. After the expiry of the statutory one year of extended exit window available the Public Shareholders, there will not be much opportunity for the public shareholders to sell/transfer their shares in the Company.*

ii. *In order to provide further opportunity to the Public Shareholders of the Transferee Company, it is proposed to re-organise the equity share capital of the Transferee Company, by cancelling up to 6,13,872 Equity Shares of ₹10 each held by the Public Shareholders, on voluntary basis; and to issue equivalent number of 9% non-cumulative Compulsorily Redeemable Preference Shares in place of the such cancelled Equity Shares. The proposed re-organisation will provide a permanent liquidity option for illiquid shares of the Company. It will help the non-promoter shareholders in realising the true potential of their investments in the Transferee Company which can be gainfully deployed elsewhere.*

iii. *Accordingly, up to 6,13,872 Equity Shares of ₹10 each of the Transferee Company which are held by the Public Shareholders will, without any further act or application, be cancelled and equal number of 9% non-cumulative Compulsorily Redeemable Preference Shares of ₹10 each, credited as fully paid-up, will be issued by the Transferee Company to all such Public Shareholders.*

It is, however, clarified that a Public Shareholder is entitled to retain his/her/its equity shareholding in the Transferee

Company by giving a notice of such intention to the Transferee Company any time up to the Record Date to be fixed for such purpose. In all the cases where the Transferee Company receives intimation from the Public Shareholders to retain their equity shareholding in the Transferee Company, equity shares with respect to all such shareholders will not be cancelled and will not be replaced with 9% non-cumulative Compulsorily Redeemable Preference Shares.

iv. *9% non-cumulative Compulsorily Redeemable Preference Shares to be issued in terms of the above, will be redeemed in terms of the provisions of the Companies Act, 2013, at price of ₹233.66 per Equity Share [face value of ₹10 each and redemption premium of ₹223.66 per Equity Share] within a maximum period of 20 years from the date of issue of such Redeemable Preference Shares with a put and call option available to the Preference Shareholders and the Issuer Company for early redemption.*

v. *Relevant equity share certificates issued by the Transferee Company with respect to all such Public Shareholders (who have not given intimation of their intention to retain their equity shareholding in the Transferee Company) shall automatically stand cancelled and new preference share certificate(s) will be issued without surrender of the original equity share certificates to give effect to aforesaid re-organisation and other provisions of this Scheme.*

vi. *Re-organization/reduction of the paid-up share capital, reserves & surplus, etc., as the case may be, of the Transferee Company shall be affected as an integral part of the Scheme only. Approval of this Scheme by the Shareholders and/ or Creditors of the Transferor Company and the Transferee Company, as the case may be, and sanction by the Hon'ble National Company Law Tribunal shall be sufficient compliance with the provisions of sections 230, 232 and 66 of the Companies Act, 2013, and other applicable provisions, if any, relating to the aforesaid re-organisation/reduction of share capital. Such re-organisation/reduction of share capital would not involve either the diminution of any liability in respect of un-paid share capital or the payment to any shareholder of any paid-up share capital. The Transferee Company is not proposing any buy-back of shares from its shareholders.*

vii. *It is clarified that no creditor of the Transferee Company will be adversely affected by the proposed re-organisation of share capital. Compulsorily Redeemable Preference Shares to be issued in terms of this Scheme, shall be redeemed in accordance with the provisions of the Companies Act, 2013, relating to the redemption of preference shares. Hence, such redemption of Preference Shares will not be deemed to be a reduction of capital of the Transferee Company.*

The aforesaid are the salient features/selected extracts of the Scheme of Arrangement. Please read the entire text of the Scheme of Arrangement to get acquainted with the complete provisions of the Scheme.

10. The proposed Scheme of Arrangement is for the benefit of both the Companies, their Shareholders and other stakeholders. It is fair and reasonable and is not detrimental to the interest of the public. It is not prejudicial to any person.

11. Valuation exercise has been carried out for the proposed Scheme of Arrangement. Mr Gautam Maurya, a Chartered Accountant and the Registered Valuer in respect of Securities or Financial Assets, registered with the Insolvency and Bankruptcy Board of India (IBBI) vide registration No. IBBI/RV/05/2019/10980 has prepared the Report on Valuation of Shares.

The Report on Valuation of Shares of Mr Gautam Maurya, Chartered Accountant and the IBBI Registered Valuer in respect of Securities or Financial Assets, has been unanimously received, considered and taken on record by the respective Board of Directors of the Transferor Company and the Transferee Company.

The Board of Directors of the Transferor Company and the Transferee Company, based on the Report on Valuation of Shares and on the basis of their independent evaluation and judgment, approved ₹233.66 per Equity Share, being the higher of the price calculated by the Registered Valuer, i.e., ₹231.00 per Equity Share and the Final Exit Price calculated for the purpose of the Delisting of ECE Industries Ltd, i.e., ₹233.66 per Equity Share, as the Final Price for the purpose of the proposed Re-organisation of Capital of ECE Industries Ltd.

A copy of the Report on Valuation of Shares of Mr Gautam Maurya, Chartered Accountant and the IBBI Registered Valuer in respect of Securities or Financial Assets, giving basis of valuation, valuation methodology and calculations, etc., is enclosed herewith.

12. The proposed Scheme of Arrangement has been unanimously approved by the Board of Directors of the Transferor Company and the Transferee Company in the respective meetings held on 10th January, 2020. None of the Directors voted against or abstained from voting on the resolution for approving the Scheme of Arrangement in the aforesaid meetings.

Further, the notices of the aforesaid meetings scheduled to be convened and held under the supervisions of the Hon'ble National Company Law Tribunal, the Explanatory Statement and other papers of these meetings have also been approved unanimously, by the respective Board of Directors of the Transferor Company and the Transferee Company in their respective meetings held on 5th March, 2020. None of the Directors voted against or abstained from voting on the resolution for approving the notices and other papers of these meetings.

13. The present Scheme of Arrangement, if approved in the aforesaid meetings, will be subject to the subsequent approval of the Hon'ble National Company Law Tribunal, New Delhi Bench, New Delhi. No specific approval is required to be obtained from any other government authority to the present Scheme of Arrangement.

14. No proceedings for inspection, inquiry or investigation under the provisions of the Companies Act, 2013, or under the provisions of the Companies Act, 1956, are pending against the Transferor Company and the Transferee Company.

15. Effect of the Scheme on the Promoters, Directors, Shareholders, etc.:

a. Promoters and/or Directors of the Transferor Company and the Transferee Company are deemed to be interested in the proposed Scheme of Arrangement to the extent of their shareholding in, loan given to and remuneration drawn from, as the case may be, the respective Companies. Similarly, Key Managerial Personnel (KMP) of the Transferor Company and the Transferee Company may also be deemed to be interested in the proposed Scheme to the extent of their shareholding in, loan given to and remuneration drawn from, as the case may be, the respective Companies.

b. The proposed Scheme of Arrangement would not have any effect on the material interest of the Promoters, Directors and Key Managerial Personnel of the Transferor Company and the Transferee Company different from that of the interest of other shareholders, creditors and employees of these Companies.

c. The proposed Scheme of Arrangement does not envisage any corporate debt restructuring. There is no proposal to restructure or vary the debt obligation of the Transferor Company or the Transferee Company towards their respective creditors. The proposed Scheme of Arrangement will not adversely affect the rights of any of the creditors of the Transferor Company or the Transferee Company in any manner whatsoever.

d. The proposed Scheme of Arrangement will not have any adverse effect on the secured creditors, un-secured creditors, employees and other stakeholders, if any, of the Transferor Company or of the Transferee Company.

16. As mentioned above, the Transferor Company is a Wholly Owned Subsidiary of the Transferee Company. Entire Share Capital of the Transferor Company is held by the Transferee Company and its nominee shareholders. Whereas the Transferee Company is an un-listed public limited company.

17. Shareholding of the Directors and Key Managerial Personnel

A. Detail of present Shareholding of the Directors and Key Managerial Personnel of the Transferor Company, in the Transferor Company and in the Transferee Company, either singly or jointly or as nominee, is as under:

Sl. No.	Name of Directors & KMP and their Designation	No. of Shares held (as on 28.2.2020)	
		Transferor Company	Transferee Company
1	Mr Basant Kumar Daga, Director	Nil	Nil
2	Mr Gokul Chand Damani, Director	Nil	Nil

B. Detail of present Shareholding of the Directors and Key Managerial Personnel of the Transferee Company, in the Transferee Company and in the Transferor Company, either singly or jointly or as nominee, is as under:

Sl. No.	Name of Directors & KMP and their Designation	No. of Shares held (as on 28.2.2020)	
		Transferee Company	Transferor Company
1	Mr Prakash Kumar Mohta, Managing Director	20,38,715	Nil
2	Mr Prakash Kumar Mohta, Nominee Shareholder	Nil	1
3	Mr Sakate Khaitan, Director	200	Nil
4	Ms Maulashree Gani, Director	3,43,638	Nil
5	Mr Mahendra Kumar Jajoo, Director	200	Nil
6	Mr Shiban Ganju, Director	100	Nil
7	Mr Yogesh D. Korani, Director	Nil	Nil
8	Mr Rajat Sharma, CFO	250	Nil

18. A copy of the Scheme of Arrangement is being filed with the concerned Registrar of Companies.

19. Copies of the Audited Financial Statements of the Transferor Company and the Transferee Company for the year ended 31st March, 2019, along with the Auditors' Reports thereon, are enclosed herewith.

20. Copies of the Un-audited Financial Statements (provisional) of the Transferor Company and the Transferee Company for the period ended 15th December, 2019, are also enclosed herewith.

21. Total amount due to Secured Creditors, as on 15th December, 2019, is given below:

(As on 15.12.2019)

Sl. No.	Name of the Company	Amount ₹
1.	Kumar Metals Pvt Ltd	Nil
2.	ECE Industries Ltd	90,62,09,903

22. Total amount due to Un-secured Creditors (excluding statutory and other dues), as on 15th December, 2019, is given below:

(As on 15.12.2019)

Sl. No.	Name of the Company	Amount ₹
	Kumar Metals Pvt Ltd	2,25,92,547
	ECE Industries Ltd	76,29,10,566

23. The following documents will be available for inspection or for obtaining extracts from or for making or obtaining copies of, by the members and creditors at the registered office of the Transferor Company and the Transferee Company on any working day from the date of this notice till the date of meeting between 11.00 A.M. and 4.00 P.M.:

a. The Memorandum and Articles of Association of the Transferor Company and the Transferee Company.

b. The Audited Financial Statements of the Transferor Company and the Transferee Company for the last 3 years ended 31st March, 2017, 31st March, 2018 and 31st March, 2019.

c. The Un-audited Financial Statements (Provisional) of the Transferor Company and the Transferee Company for the period ended 15th December, 2019.

d. Register of Particulars of Directors and KMP and their Shareholding, of the Transferor Company and the Transferee Company.

e. Copy of Order dated 24th February, 2020 (date of pronouncement), passed by the Hon'ble National Company Law Tribunal, New Delhi Bench (Court V), New Delhi, in the Company Application No. CA (CAA) 15 (ND) of 2020 filed by the Transferee Company, in pursuance of which the aforesaid meetings are scheduled to be convened and other meetings have been dispensed with.

f. Paper Books and proceedings of the Company Application No. CA (CAA) 15 (ND) of 2020.

g. Copies of the Certificates issued by the Statutory Auditors of the Transferor Company and the Transferee Company to the effect that the accounting treatment proposed in the Scheme of Arrangement is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013.

h. Report on Valuation of Shares issued by Mr Gautam Maurya, Chartered Accountant and the IBBI Registered Valuer in respect of Securities or Financial Assets

i. Copy of the proposed Scheme of Arrangement.

24. A copy of the Scheme of Arrangement, Explanatory Statement, Form of Proxy, Attendance Slip and other annexures may be obtained free of charge on any working day (except Saturday) prior to the date of meeting, from the registered office of the Transferee Company; or from the office of its Legal Counsel-Mr Rajeev K Goel, Advocate, M/s Rajeev Goel & Associates, Advocates and Solicitors, 785, Pocket-E, Mayur Vihar-II, Delhi Meerut Expressway/ NH-24, Delhi-110 091, India, Mobile: 093124 09354, e-mail: rajeev391@gmail.com; Website: www.rgalegal.in.

The aforesaid documents are also being placed on the website of the Transferee Company-www.eceindustriesltd.com.

25. Please note that Equity Shareholders, Secured Creditors and Un-secured Creditors of ECE Industries Ltd may attend and vote in the respective meetings either in person or by proxies. Proxies need not be a member/creditor of the Company.

In addition to the above, Shareholders of ECE Industries Ltd may also vote through electronic means. Instructions for remote e-voting is being sent along with the notice of meeting of the Shareholders.

Dated this 5th March, 2020

For and on behalf of the Board of Directors
For Kumar Metals Pvt Ltd

Sd/-
Gokul Chand Damani
Director
DIN: 00191101

For and on behalf of the Board of Directors
For ECE Industries Ltd

Sd/-
Prakash Kumar Mohta
Managing Director
DIN: 00191299

SCHEME OF ARRANGEMENT OF KUMAR METALS PVT LTD AND ECE INDUSTRIES LTD;

AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS UNDER SECTIONS 230, 232 & 66 OF THE COMPANIES ACT, 2013, AND OTHER APPLICABLE PROVISIONS, IF ANY

Preamble

This Scheme of Arrangement is framed in terms of the provisions of sections 230, 232 and 66 of the Companies Act, 2013, the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, together with sections 2(1B), of the Income Tax Act, 1961, and other applicable provisions, if any.

The Scheme of Arrangement provides for:

a. Amalgamation of Kumar Metals Pvt Ltd with ECE Industries Ltd;

b. Re-organisation of Capital of ECE Industries Ltd, on voluntary basis; and

c. Other matters connected with the aforesaid Amalgamation and Re-organisation of Capital.

1.1 DEFINITIONS

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning as given below:

i. **"Act"** means the Companies Act, 2013 (18 of 2013), the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the National Company Law Tribunal Rules, 2016, and other applicable Rules made there under and includes any amendments, statutory re-enactments and modifications thereof for the time being in force; and the Companies Act, 1956 (1 of 1956), to the extent applicable, if any.

ii. **"Amalgamation"** means amalgamation of the Transferor Company with and into the Transferee Company in terms of the Scheme in its present form or with any modification(s) as approved by the Hon'ble National Company Law Tribunal or any other competent authority, as the case may be.

iii. **"Applicable Law(s)**" means any relevant statute, notification, by-laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, schemes, notices, treaties, judgement, decree, approvals, orders or instructions enacted or issued or sanctioned by any Governmental and Registration Authority, having the force of law and as applicable to Companies;

iv. **"Appointed Date"** for the purpose of this Scheme means commencement of business on 1st January, 2020, or such other date as the Hon'ble National Company Law Tribunal or any other competent authority may approve.

v. **"Board" or "Board of Directors"** means the Board of Directors of the respective Transferor and Transferee Companies, as the case may be, and shall, unless it is repugnant to the context or otherwise, include Committee(s) so authorised by the Board of Directors, or any person authorised by the Board of Directors or such Committee(s).

vi. **"Effective Date"** means last of the dates on which the certified copies of the Order(s) passed by the Hon'ble National Company Law Tribunal, sanctioning the Scheme of Arrangement, are filed with the concerned Registrar of Companies, Ministry of Corporate Affairs.

vii. **"Encumbrance"** means (a) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any person, including any right granted by a transaction which in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Laws; (b) any proxy, power of attorney, voting trust agreement, interest, option, right of first offer, refusal or transfer restriction in favour of any person; and (iii) any adverse claim as to title, possession or use.

viii. **"FEMA"** means the Foreign Exchange Management Act, 1999 along with the rules and regulations made there under and shall include any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force.

ix. **"Intellectual Property Rights"** means, whether registered or not, in the name of or recognized under Applicable Laws as being intellectual property of the Transferor Company, or in the nature of common law rights of the Transferor Company, all domestic and foreign (a) trademarks, service marks, brand names, internet domain names, websites, online web portals, trade names, logos, uniforms and all applications and registration for the foregoing and all goodwill associated with the foregoing and symbolized by the foregoing; (b) confidential and proprietary information and trade secrets; (c) published and unpublished works of authorship and copyrights therein, and registrations and applications therefor, and all renewals, extensions, restorations and reversions thereof; (d) computer software, programs (including source code, object code, firmware, operating systems and specifications) and processes; (e) designs, drawings, sketches; (f) tools, databases, frameworks, customer data, proprietary information, knowledge, any other technology or know-how, licenses, software licenses and formulas; (g) ideas and all other intellectual property or proprietary rights; and (h) all rights in all of the foregoing provided by Applicable Laws.

x. **"IT Act"** means the Income Tax Act, 1961, and the rules made there under and shall include any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force.

xi. **National Company Law Tribunal** means appropriate Bench/Benches of the Hon'ble National Company Law Tribunal constituted under the Companies Act, 2013, or such other court, tribunal, forum or authority having jurisdiction to sanction the present Scheme and other connected matters. The National Company Law Tribunal has been referred to as the Tribunal/ NCLT.

xii. **"Record Date"** means the date to be fixed by the Board of Directors of the Transferee Company, with reference to which status of the shareholders of the Transferee Company shall be determined for re-organisation of share capital of the Transferee Company in terms of this Scheme; and other connected matters, if any.

xiii. **"Registrar of Companies"** means concerned Registrar(s) of Companies, Ministry of Corporate Affairs having jurisdiction under the Companies Act, 2013, and other applicable provisions, if any, on the respective Companies.

xiv. **"Scheme"** means the present Scheme of Arrangement framed under the provisions of sections 230, 232 & 66 of the Companies Act, 2013, the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Income Tax Act, 1961, and other applicable provisions, if any, where under (a) Kumar Metals Pvt Ltd is proposed to be amalgamated with ECE Industries Ltd; and (b) Share Capital of ECE Industries Ltd is proposed to be re-organised (on voluntary basis), in the present form or with any modification(s) approved or imposed or directed by Members/Creditors of these Companies and/ or by any competent authority and/or by the Hon'ble National Company Law Tribunal or that may otherwise be deemed fit by these Companies.

xv. **"Transferor Company"** means **Kumar Metals Pvt Ltd** being a company incorporated under the provisions of the Companies Act, 1956, and having its registered office at 15, India Exchange Place, 3rd floor, Kolkata-700 001, West Bengal; e-mail: kumarmetal35@gmail.com.

The Transferor Company-Kumar Metals Pvt Ltd [Corporate Identification No. (CIN): U 36911 WB 1973 PTC 028719; Income Tax Permanent Account No. (PAN): AAB CK 3026 C] (hereinafter referred to as "the Transferor Company/the Company") was originally incorporated under the provisions of the Companies Act, 1956, as a private limited company vide Certificate of Incorporation dated 5th March, 1973, issued by the Registrar of Companies, West Bengal, Kolkata.

xvi. **"Transferee Company"** means **ECE Industries Ltd** being a company incorporated under the provisions of the Companies Act, 1913, and having its registered office at ECE House, 28-A, Kasturba Gandhi Marg, New Delhi- 110 001; e-mail: ecehodelhi@gmail.com.

The Transferee Company-ECE Industries Ltd [Corporate Identification No. (CIN): U 31500 DL 1945 PLC 008279; Income Tax Permanent Account No. (PAN): AAA CE 1936 C] (hereinafter referred to as "the Transferee Company/the Company") was originally incorporated under the provisions of the Companies Act, 1913, as a public limited company with the name and style as 'Electric Construction and Equipment Company Ltd' vide Certificate of Incorporation dated 13th June, 1945, issued by the Assistant Registrar of Joint Stock Companies, Bengal, Calcutta. The Company was issued Certificate for Commencement of Business dated 30th July, 1945 by the Registrar of Joint Stock Companies, Bengal, Calcutta. Registered Office of the Company was shifted from the State of West Bengal to the NCT of Delhi as approved by the Hon'ble Company Law Board, Eastern Region Bench, Calcutta, vide Order dated 17th May, 1976. The Registrar of Companies, New Delhi, registered the aforesaid order and allotted a new CIN to the Company. Name of the Company was changed to its present name 'ECE Industries Ltd' vide Fresh Certificate of Incorporation dated 5th June, 1987, issued by the Additional Registrar of Companies, Delhi and Haryana, New Delhi.

Initially, the Transferee Company-ECE Industries Ltd was listed on the BSE Ltd (Bombay Stock Exchange/BSE) and the National Stock Exchange of India Ltd (National Stock Exchange/NSE). It was delisted from BSE in the year 2015. However, it remained listed on NSE. Subsequently, the Promoters of the Transferee Company had proposed for complete delisting of the Company and accordingly had provided an exit opportunity ("Delisting Offer") to the Public Shareholders of the Company in terms of the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ("the Delisting Regulations") and other applicable provisions, if any.

The Final Exit Price, in respect of the Delisting Offer of the Company was finalized at ₹233.66 per Equity Share. Accordingly, all the Public Shareholders of the Company who had successfully tendered their Equity Shares during the Bid Period, were paid the consideration at the Exit Price. After the acquisition of the Equity Shares pursuant to the Delisting Offer, the Promoters and Promoters' Group holding in the Company increased beyond 90% of the total paid–up Equity Share Capital of the Transferee Company.

The Company had thereafter applied for delisting of its Equity Shares from the NSE, the only stock exchange where its Equity Shares were listed. Consequent to the same, the Transferee Company got delisted from NSE with effect from 17th May, 2019. Presently, the Transferee Company is an un-listed public limited company.

In terms of the provisions of the Delisting Regulations, the Public Shareholders of the Transferee Company who have not tendered their shares for purchase by the Promoters, are entitled to do so at any time during the period of one year from the date of delisting of Equity Shares of the Company from NSE, i.e., from 17th May, 2019 to 16th May, 2020 ("the Exit Period") at the Exit Price of ₹233.66 per Equity Share.

1.2 INTERPRETATION

Terms and expressions which are used in this Scheme but not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, and if not defined therein then under the relevant Applicable Laws. In this Scheme, unless the context otherwise requires:

a. references to “persons” shall include individuals, bodies corporate (wherever incorporated), un-incorporated entities, associations, partnerships and proprietorship;

b. heading, sub-heading and bold typeface are only for convenience and shall not affect the construction or interpretation of this Scheme;

c. the term “Clause” refers to the specified clause of this Scheme;

d. references to one gender includes all genders;

e. any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;

f. words denoting singular shall include the plural and vice versa;

g. reference to any legislation, statute, regulation, rule, notification or any other provision of law means and includes references to such legal provisions as amended, supplemented or re-enacted from time to time, and any reference to a legal provision shall include any subordinate legislation made from time to time under such a statutory provision.

h. unless otherwise defined, the reference to the word “days” shall mean calendar days; and

i. references to dates and times shall be construed to be references to Indian dates and times.

1.3 SHARE CAPITAL

i. The present Authorised Share Capital of the Transferor Company is ₹5,00,000 divided into 5000 Equity Shares of ₹100 each. The present Issued, Subscribed and Paid-up Share Capital of the Company is ₹1,00,000 divided into 1000 Equity Shares of ₹100 each.

ii. The present Authorised Share Capital of the Transferee Company is ₹15,00,00,000 divided into 1,45,00,000 Equity Shares of ₹10 each aggregating to ₹14,50,00,000; and 50,000 Preference Shares of ₹100 each aggregating to ₹50,00,000. The present Issued and Subscribed Share Capital of the Company is ₹7,33,39,000 divided into 73,33,875 Equity Shares of ₹10 each. The present Paid-up Share Capital of the Company is ₹7,29,03,100 divided into 72,88,645 Equity Shares of ₹10 each aggregating ₹7,28,86,450 and ₹16,650 being amount paid on the forfeited shares.

iii. The Transferor Company is a Wholly Owned Subsidiary of the Transferee Company. Entire Share Capital of the Transferor Company is held by the Transferee Company and its nominee shareholders. The Transferee Company is an un-listed public limited company. Both the Companies are under common management and control.

1.4 RATIONALE AND BENEFITS OF THE SCHEME

The circumstances which justify and/or necessitate the proposed Scheme of Arrangement of Kumar Metals Pvt Ltd and ECE Industries Ltd are, inter alia, as follows:

1.4.1 Amalgamation of Kumar Metals Pvt Ltd with ECE Industries Ltd

a. The Transferor Company is a Wholly Owned Subsidiary of the Transferee Company. The proposed Amalgamation would result in consolidation of the Wholly Owned Subsidiary with its Parent/Holding Company.

b. Both the Transferor and Transferee Companies are under same management and it would be advantageous to us to combine the activities and operations in a single Company and building strong capability to effectively meet future challenges in competitive business environment;

c. The proposed Amalgamation would result in business synergy, pooling of physical, financial and human resource of these Companies for the most beneficial utilization of these factors in the combined entity.

d. The proposed Amalgamation will result in usual economies of a centralized and a large company including elimination of duplicate work, reduction in overheads, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency. The proposed Scheme will enable these Companies to combine their managerial and operating strength, to build a wider capital and financial base and to promote and secure overall growth.

e. The amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Transferee Company as well as by the Transferor Company.

f. The proposed amalgamation would enhance the shareholders’ value of the Transferor and the Transferee Companies.

g. The proposed Amalgamation will have beneficial impact on the Transferor and the Transferee Companies, their shareholders, employees and other stakeholders and all concerned.

1.4.2 Re-organisation of Capital of ECE Industries Ltd, on voluntary basis

i. Initially, the Transferee Company-ECE Industries Ltd was listed on the BSE Ltd (Bombay Stock Exchange/BSE) and the National Stock Exchange of India Ltd (National Stock Exchange/NSE). It was delisted from BSE in the year 2015. However, it remained listed on NSE. Subsequently, the Promoters of the Transferee Company had proposed for complete delisting of the Company and accordingly had provided an exit opportunity ("Delisting Offer") to the Public Shareholders of the Company in terms of the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ("the Delisting Regulations") and other applicable provisions, if any.

The Final Exit Price, in respect of the Delisting Offer of the Company was finalized at ₹233.66 per Equity Share. Accordingly, all the Public Shareholders of the Company who had successfully tendered their Equity Shares during the Bid Period, were paid the consideration at the Exit Price. After the acquisition of the Equity Shares pursuant to the Delisting Offer, the Promoters and Promoters' Group holding in the Company increased beyond 90% of the total paid–up Equity Share Capital of the Transferee Company.

The Company had thereafter applied for delisting of its Equity Shares from the NSE, the only stock exchange where its Equity Shares were listed. Consequent to the same, the Transferee Company got delisted from NSE with effect from 17th May, 2019. Presently, the Transferee Company is an un-listed public limited company.

In terms of the provisions of the Delisting Regulations, the Public Shareholders of the Transferee Company who have not tendered their shares for purchase by the Promoters, are entitled to do so at any time during the period of one year from the date of delisting of Equity Shares of the Company from NSE, i.e., from 17th May, 2019 to 16th May, 2020 ("the Exit Period") at the Exit Price of ₹233.66 per Equity Share.

ii. Post delisting, the Transferee Company-ECE Industries Ltd has a large number of public shareholders. However, there has not been much liquidity in the shares held by the Public Shareholders of the Transferee Company. After the expiry of the statutory one year of extended exit window available the Public Shareholders, there will not be much opportunity for the public shareholders to sell/transfer their shares in the Company.

iii. In order to provide further opportunity to the Public Shareholders of the Transferee Company, it is proposed to re-organise the equity share capital of the Transferee Company, by cancelling up to 6,13,872 Equity Shares of ₹10 each held by the Public Shareholders, on voluntary basis; and to issue equivalent number of 9% non-cumulative Compulsorily Redeemable Preference Shares in place of the such cancelled Equity Shares.

It is clarified that a Public Shareholder is entitled to retain his/her/its equity shareholding in the Transferee Company by giving a notice of such intention to the Transferee Company any time up to the Record Date to be fixed for such purpose. In all the cases where the Transferee Company receives intimation from the Public Shareholders to retain their equity shareholding in the Transferee Company, equity shares with respect to all such shareholders will not be cancelled and will not be replaced with 9% non-cumulative Compulsorily Redeemable Preference Shares.

iv. The proposed re-organisation will provide a permanent liquidity option for illiquid shares of the Company. It will help the non-promoter shareholders in realising the true potential of their investments in the Transferee Company which can be gainfully deployed elsewhere.

v. It is clarified that the aforesaid re-organisation of Share Capital would not involve either the diminution of any liability in respect of un-paid share capital or payment to any shareholder of any paid-up share capital. The Company is not proposing any buy-back of shares from its shareholders.

vi. It is further clarified that no creditor of the Transferee Company will be adversely affected by the proposed re-organisation of share capital. Compulsorily Redeemable Preference Shares to be issued in terms of this Scheme, shall be redeemed in accordance with the provisions of the Companies Act, 2013, relating to the redemption of preference shares. Hence, such redemption of Preference Shares will not be deemed to be a reduction of capital of the Transferee Company.

vii. The proposed Scheme would enhance the shareholders' value of the Transferor Company and the Transferee Company.

1.4.3 The Scheme of Arrangement is proposed for the aforesaid reasons. The Board of Directors and Management of the Transferor Company and the Transferee Company is of the opinion that the proposed Scheme is in the best interest of these Companies, their Shareholders and other stakeholders.

2. TRANSFER AND VESTING OF UNDERTAKING

a. With effect from the commencement of business on 1st January, 2020, i.e., the Appointed Date, subject to the provisions of the Scheme in relation to the modalities of transfer and vesting, the undertaking and entire business and all immovable properties (including agricultural land, industrial land, residential land and all other land and plots) where so ever situated and incapable of passing by physical delivery as also all other assets, capital work-in-progress, current assets, investments, deposits, bookings and advances against residential and commercial plots and buildings, powers, authorities, awards, allotments, approvals and consents, licenses, registrations, contracts, agreements, engagements, arrangement, rights, intellectual property rights, titles, interests, benefits and advantages of whatsoever nature belonging to or in the ownership, power, possession, control of or vested in or granted in favour of or enjoyed by the Transferor Company, including but without being limited to, benefit of all agreements and all other interests arising to the Transferor Company (hereinafter collectively referred to as "the said assets") shall, without any further act or deed or without payment of any duty or other charges, be transferred to and vested in the Transferee Company pursuant to the provisions of Section 232 of the Act, for all the estate, right, title and interest of the Transferor Company therein so as to become the property of the Transferee Company but, subject to mortgages, charges and encumbrances, if any, then affecting the undertaking of the Transferor Company without such charges in any way extending to the undertaking of the Transferee Company.

b. Notwithstanding what is provided herein above, it is expressly provided that in respect to such of the said assets as are movable in nature or are otherwise capable of being transferred by physical delivery or by endorsement and delivery, the same shall be so transferred, with effect from the appointed date, by the Transferor Company to the Transferee Company after the Scheme is duly sanctioned and given effect to without requiring any order of the Tribunal or any deed or instrument of conveyance for the same or without the payment of any duty or other charges and shall become the property of the Transferee Company accordingly.

c. On and from the Appointed Date, all liabilities, provisions, duties and obligations including Income Tax and other statutory liabilities, if any, of every kind, nature and description of the Transferor Company whether provided for in the books of accounts of the Transferor Company or not, shall devolve and shall stand transferred or be deemed to be transferred without any further act or deed, to the Transferee Company with effect from the Appointed Date and shall be the liabilities, provisions, duties and obligations of the Transferee Company.

d. Similarly, on and from the Appointed Date, all the taxes and duties including advance tax, tax deducted at source, tax collected at source, minimum alternative tax (MAT), self-assessment tax, Goods and Services Tax (GST), etc., paid by or on behalf of the Transferor Company immediately before the amalgamation, shall become or be deemed to be the property of the Transferee Company by virtue of the amalgamation. Upon the Scheme becoming effective, all the taxes and duties paid (including TDS, MAT and GST, etc.) by or on behalf of the Transferor Company from the Appointed Date, regardless of the period to which these payments relate, shall be deemed to have been paid for and on behalf of and to the credit of the Transferee Company as effectively as if the Transferee Company had paid the same.

e. Upon the Scheme becoming effective, all un-availed credits and exemptions, statutory benefits, including in respect of Income Tax (including MAT credit), CENVAT, Customs, VAT, Sales Tax, Service Tax, Goods and Services Tax, etc., of the Transferor Company, shall be available to and vest in the Transferee Company, without any further act or deed.

f. Without prejudice to the generality of the provisions contained in aforesaid clauses, upon the Scheme becoming effective, requisite form(s) will be filed with the Registrar of Companies for creation, modification and/or satisfaction of charge(s), to the extent required, to give effect to the provisions of this Scheme.

g. On the Scheme becoming effective, the Transferee Company shall be entitled to file/revise income tax returns, TDS returns, GST returns, and other statutory filings and returns, filed by it or by the Transferor Company, if required, and to take all such steps that may be required to give effect to the provisions of this Scheme and/or required to claim refunds, depreciation benefits, advance tax credits, un-availed credits and exemptions, statutory benefits, etc., if any.

h. With effect from the Effective Date and until such time names of the bank accounts of the Transferor Company are replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the existing bank accounts of the Transferor Company, in so far, as may be necessary. The banks shall also honor cheques or other bills issued in the name of the Transferor Company on and from the Effective Date. Further, the Transferee Company, if so required, shall also be entitled to maintain one Bank Account in the name of the Transferor Company to enable it to deposit/encash any refund or other payment received in the name of the Transferor Company. All such deposits will, then, be transferred to the bank account of the Transferee Company. It may, however, be clarified that such bank account (in the name of the Transferor Company) will be used only for the limited purpose of depositing/encashing any refund or other payments received in the name/in favour of the Transferor Company. Such bank account will not be used for normal banking transactions.

i. All other assets & liabilities of the Transferor Company, which may not be specifically covered in the aforesaid clauses, shall also stand transferred to the Transferee Company with effect from the Appointed Date.

3. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

a. Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature, to which the Transferor Company is a party, subsisting or having effect immediately before or after the Effective date, shall remain in full force and effect against or in favour of the Transferee Company and may be enforced as fully and effectually, as if instead of the Transferor Company, the Transferee Company had been a party thereto.

b. The transfer of the said assets and liabilities of the Transferor Company to the Transferee Company and the continuance of all the contracts or legal proceedings by or against the Transferee Company shall not affect any contract or proceedings relating to the said assets or the liabilities already concluded by the Transferor Company on or after the Appointed Date.

c. The Transferee Company may, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of the secured creditors of the Transferor Company or in favour of any other party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and, to implement and carry out all such formalities or compliance referred to above on the part/behalf of the Transferor Company to be carried out or performed.

4. LEGAL PROCEEDINGS

All legal proceedings of whatever nature by or against the Transferor Company pending on the Effective Date, shall not be abated, be discontinued or be, in any way, prejudicially affected by reason of the transfer of the undertaking of the Transferor Company or of anything contained in this Scheme but the proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if the Scheme had not been made.

5. OPERATIVE DATE OF THE SCHEME

a. This Scheme shall be effective from the last of the dates on which certified copies of order of the Tribunal under Sections 230 and 232 of the Companies Act, 2013, are filed in the office(s) of the concerned Registrar of Companies. Such date is called as the Effective Date.

b. Though this Scheme shall become effective from the Effective Date, the provisions of this Scheme shall be applicable and come into operation from the Appointed Date.

6. DISSOLUTION OF TRANSFEROR COMPANY

On this Scheme, becoming effective as provided in Clause 5 above, the Transferor Company shall stand dissolved without the process of winding up.

7. EMPLOYEES OF TRANSFEROR COMPANY

a. All the employees of the Transferor Company in service on the date immediately preceding the date on which the Scheme finally takes effect, i.e., the Effective Date, shall become the employees of the Transferee Company on such date without any break or interruption in service and upon terms and conditions not less favourable than those subsisting in the Transferor Company on the said date.

b. Provident Fund, Gratuity Fund, Superannuation Fund and any other special fund or trusts created or existing for the benefit of the employees of the Transferor Company, if any, upon the Scheme becoming finally effective, the Transferee Company shall stand substituted for the Transferor Company for all purposes and intents, whatsoever, relating to the administration or operation of such schemes or funds or in relation to the obligation to make contributions to the said funds in accordance with the provisions of such funds. It is the intent that all the rights, duties, powers and obligations of the Transferor Company in relation to such funds shall become those of the Transferee Company. It is clarified that the services of the employees of the Transferor Company will be treated as having been continued for the purpose of the aforesaid funds or provisions.

8. CONDUCT OF BUSINESS BY TRANSFEROR COMPANY

From the Appointed Date until the Effective Date, the Transferor Company

a. Shall stand possessed of all its assets and properties referred to in Clause 2 above, in trust for the Transferee Company.

b. Shall be deemed to have carried on business and activities for and on behalf of and for the benefit and on account of the Transferee Company. Any income or profit accruing to the Transferor Company and all costs, charges and expenses or loss arising or incurring by the Transferor Company on and from the Appointed Date shall, for all purposes and intents, be treated as the income, profits, costs, charges, expenses or loss, as the case may be, of the Transferee Company.

9. ISSUE OF SHARES BY TRANSFEREE COMPANY

Since the Transferor Company is a wholly owned subsidiary of the Transferee Company, no new share will be issued by the Transferee Company pursuant to the amalgamation of the Transferor Company with the Transferee Company.

10. UPON THIS SCHEME BECOMING FINALLY EFFECTIVE:

a. Entire Issued Share Capital and share certificates of the Transferor Company shall automatically stand cancelled. Shareholders of the Transferor Company will not be required to surrender the Share Certificates held in the Transferor Company.

b. Cross holding of shares between the Transferor Company and the Transferee Company on the record date shall stand cancelled. Approval of this Scheme by the Shareholders and/or Creditors of the Transferor and the Transferee Companies, as the case may be, and sanction by the Tribunal under section 230 and 232 of the Companies Act, 2013, shall be sufficient compliance with the provisions of sections 66 of the Companies Act, 2013, and other applicable provisions, if any, relating to the reduction of share capital on cancellation of cross holding, if any. Such reduction would not involve either the diminution of any liability in respect of un-paid share capital or the payment to any shareholder of any paid-up share capital.

c. The authorised share capital of the Transferor Company shall be added to and shall form part of the authorised share capital of the Transferee Company. Accordingly, the authorised share capital of the Transferee Company shall stand increased to the extent of the aggregate authorised share capital of the Transferor Company as on the effective date. In terms of the provisions of section 232(3)(i) of the Companies Act, 2013, and other applicable provisions, if any, the aggregate fees paid by the Transferor Company on the authorised capital shall be set-off against the fees payable by the Transferee Company on the increase in the authorised share capital as mentioned above. It is hereby clarified that the Transferee Company will pay the balance fee, if any, on the aforesaid increase in the authorised share capital after deducting the aggregate fees paid by the Transferor Company on the pre-merger authorised share capital.

   Clause V/Capital Clause of the Memorandum of Association and relevant article(s) of the Articles of Association, if any, of the Transferee Company shall stand modified to give effect to the aforesaid increase in the authorised share capital of the Transferee Company. Approval of the present Scheme of Arrangement by the Shareholders of the Transferor/Transferee Companies will be sufficient for the aforesaid modification in Clause V of the Memorandum of Association and relevant article(s) of the Articles of Association, if any, of the Transferee Company and no further approval will be required for the same.

d. Save as provided in Clause 10.c above, the Transferee Company shall increase/modify its Authorized Share Capital for implementing the terms of the Scheme, to the extent necessary.

11. RE-ORGANISATION OF CAPITAL OF ECE INDUSTRIES LTD, ON VOLUNTARY BASIS

i. Post delisting, the Transferee Company-ECE Industries Ltd has a large number of public shareholders. However, there has not been much liquidity in the shares held by the Public Shareholders of the Transferee Company. After the expiry of the statutory one year of extended exit window available the Public Shareholders, there will not be much opportunity for the public shareholders to sell/transfer their shares in the Company.

ii. In order to provide further opportunity to the Public Shareholders of the Transferee Company, it is proposed to re-organise the equity share capital of the Transferee Company, by cancelling up to 6,13,872 Equity Shares of ₹10 each held by the Public Shareholders, on voluntary basis; and to issue equivalent number of 9% non-cumulative Compulsorily Redeemable Preference Shares in place of the such cancelled Equity Shares. The proposed re-organisation will provide a permanent liquidity option for illiquid shares of the Company. It will help the non-promoter shareholders in realising the true potential of their investments in the Transferee Company which can be gainfully deployed elsewhere.

iii. Accordingly, up to 6,13,872 Equity Shares of ₹10 each of the Transferee Company which are held by the Public Shareholders will, without any further act or application, be cancelled and equal number of 9% non-cumulative Compulsorily Redeemable Preference Shares of ₹10 each, credited as fully paid-up, will be issued by the Transferee Company to all such Public Shareholders.

   It is, however, clarified that a Public Shareholder is entitled to retain his/her/its equity shareholding in the Transferee Company by giving a notice of such intention to the Transferee Company any time up to the Record Date to be fixed for such purpose. In all the cases where the Transferee Company receives intimation from the Public Shareholders to retain their equity shareholding in the Transferee Company, equity shares with respect to all such shareholders will not be cancelled and will not be replaced with 9% non-cumulative Compulsorily Redeemable Preference Shares.

iv. 9% non-cumulative Compulsorily Redeemable Preference Shares to be issued in terms of the above, will be redeemed in terms of the provisions of the Companies Act, 2013, at price of ₹233.66 per Equity Share [face value of ₹10 each and redemption premium of ₹223.66 per Equity Share] within a maximum period of 20 years from the date of issue of such Redeemable Preference Shares with a put and call option available to the Preference Shareholders and the Issuer Company for early redemption.

v. Relevant equity share certificates issued by the Transferee Company with respect to all such Public Shareholders (who have not given intimation of their intention to retain their equity shareholding in the Transferee Company) shall automatically stand cancelled and new preference share certificate(s) will be issued without surrender of the original equity share certificates to give effect to aforesaid re-organisation and other provisions of this Scheme.

vi. Re-organization/reduction of the paid-up share capital, reserves & surplus, etc., as the case may be, of the Transferee Company shall be affected as an integral part of the Scheme only. Approval of this Scheme by the Shareholders and/or Creditors of the Transferor Company and the Transferee Company, as the case may be, and sanction by the Hon'ble National Company Law Tribunal shall be sufficient compliance with the provisions of sections 230, 232 and 66 of the Companies Act, 2013, and other applicable provisions, if any, relating to the aforesaid re-organisation/reduction of share capital. Such re-organisation/reduction of share capital would not involve either the diminution of any liability in respect of un-paid share capital or the payment to any shareholder of any paid-up share capital. The Transferee Company is not proposing any buy-back of shares from its shareholders.

vii. It is clarified that no creditor of the Transferee Company will be adversely affected by the proposed re-organisation of share capital. Compulsorily Redeemable Preference Shares to be issued in terms of this Scheme, shall be redeemed in accordance with the provisions of the Companies Act, 2013, relating to the redemption of preference shares. Hence, such redemption of Preference Shares will not be deemed to be a reduction of capital of the Transferee Company.

12. ACCOUNTING FOR AMALGAMATION

Upon the Scheme becoming effective, amalgamation of the Transferor Company with the Transferee Company, Re-organisation of Capital of ECE Industries Ltd, on voluntary basis and other connected matters will be accounted for in accordance with the applicable provisions of the Companies Act, 2013, Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, and Generally Accepted Accounting Principles in India (Indian GAAP), as the case may be.

The Transferee Company shall give effect of the amalgamation in its books of accounts in accordance with accounting prescribed under "pooling of interest" method in the Indian Accounting Standard (Ind AS) 103 – Business Combinations as notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standard) Rules, 2015. Following are the salient features of the accounting treatment to be given:

a. All the assets and liabilities recorded in the books of the Transferor Company shall be transferred to and vested in the Transferee Company pursuant to the Scheme and shall be recorded by the Transferee Company at the respective carrying values as reflected in the books of the Transferor Company as on the Appointed Date.

b. Cross investments or other inter-company balances, if any, will stand cancelled.

c. All the reserves of the Transferor Company will be incorporated in the books of the Transferee Company in the same form as they appeared in the financial statements, prepared in accordance with Indian Accounting Standards, of the Transferor Company.

d. Any deficit arising out of amalgamation (i4 ncluding on account of cancellation of cross holdings or any other inter-company balances) shall be adjusted against reserves and surplus in the books of the Transferee Company. Whereas any surplus arising out of Amalgamation (including on account of cancelling of cross holdings or any other inter-company balances) shall be credited to capital reserve.

e. Accounting policies of the Transferor Company will be harmonized with that of the Transferee Company following the amalgamation.

f. It is, however, clarified that the Board of Directors of the Transferee Company, in consultation with the Statutory Auditors, may account for the present amalgamation and other connected matters in such manner as to comply with the provisions of section 133 of the Companies Act, 2013, the applicable Accounting Standard(s), Generally Accepted Accounting Principles and other applicable provisions, if any.

13. APPLICATION TO NATIONAL COMPANY LAW TRIBUNAL

a. The Transferor Company shall make necessary applications/ petitions under the provisions of sections 230, 232 & 66 of the Companies Act, 2013, the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the National Company Law Tribunal Rules, 2016, and other applicable provisions, if any, to the Hon'ble National Company Law Tribunal for sanctioning of this Scheme, dissolution of the Transferor Company without the process of winding up and other connected matters.

b. The Transferee Company shall also make necessary application(s)/petition(s) under the provisions of sections 230, 232 & 66 of the Companies Act, 2013, the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the National Company Law Tribunal Rules, 2016 and other applicable provisions, if any, to the Hon'ble National Company Law Tribunal for sanctioning of this Scheme and other connected matters.

14. MODIFICATIONS/AMENDMENTS TO THE SCHEME

a. The Transferor Company and the Transferee Company through their respective Board of Directors may make or assent, from time to time, on behalf of all persons concerned, to any modifications or amendments to this Scheme or to any conditions or limitations which the Tribunal and/or any authorities under the law may deem fit to approve of or impose and to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds, matters and things necessary for carrying the Scheme into effect.

b. In order to give effect to this Scheme or to any modifications or amendments thereof, the Board of Directors of the Transferee Company may give and are authorised to give all such directions as may be necessary including directions for settling any question, doubt or difficulty that may arise.

c. The Transferor Company and/or the Transferee Company shall be at liberty to withdraw from this Scheme in case any condition, alteration or modification, imposed or suggested by the Tribunal or any other competent authority, is not acceptable to them; or as may otherwise be deemed fit or proper by any of these Companies. The Transferor Company and/ or the Transferee Company will not be required to assign the reason for withdrawing from this Scheme.

15. INTERPRETATION

If any doubt or difference or issue arises between the Transferor Company and the Transferee Company or any of their Shareholders or Creditors and/or any other person as to the construction hereof or as to anything else contained in or relating to or arising out of this Scheme, the same shall be referred to Mr Rajeev K Goel, LLB, FCS, Advocate, Rajeev Goel & Associates, Advocates and Solicitors, 785, Pocket-E, Mayur Vihar II, Delhi Meerut Expressway/NH-24, Delhi 110 091, Mobile: 93124 09354, e-mail: rajeev391@gmail.com; Website: www.rgalegal.in, whose decision shall be final and binding on all concerned.

16. EXPENSES CONNECTED WITH THE SCHEME

All costs, charges and expenses of the Transferor Company and the Transferee Company incurred in relation to or in connection with this Scheme or incidental to the completion of the Amalgamation of the Transferor Company with the Transferee Company in pursuance of this Scheme, shall be borne and paid by the Transferee Company. However, in the event of the Scheme becoming invalid for any reason whatsoever, all costs, charges and expenses relating to the amalgamation exercise or incidental thereto shall be borne and paid by the respective Companies incurring the same.

Report on Valuation of Shares of
ECE Industries Ltd

By Gautam Maurya
FCA, DISA, Registered Valuer
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Ph No: 9350348549, Email: Gautam.maurya@icai.org

Valuation Date: 15th December, 2019
Report Date: 04th January, 2020

Strictly Private & Confidential

To
The Board of Directors
ECE Industries Limited
ECE House
28 A, Kasturba Gandhi Marg
New Delhi 110 001, India

Sub: **Valuation of Equity Shares of ECE Industries Limited for the purpose of Re-organization of its Capital**

Dear Sir,

With reference to the terms of engagement for the above stated matter, I am enclosing my report along with this letter. In the attached report, I have summarized the Valuation of the Equity Shares of ECE Industries Ltd (the Company) as on 15th December, 2019 for the purpose of Re-organization of its Capital on voluntary basis, together with the description of methodologies used and limitation on my Scope of Work. This Report is confidential and has been prepared exclusively for the management of ECE Industries Ltd. It should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of the management. Such consent will only be given after full consideration of the circumstances at that time. However, I am aware that the conclusion in this report may be used for the purpose of certain statutory disclosures and I have given my consent for the same. I hope this report meet the requirements of the management.

Please feel free to contact me in case you require any additional information or clarification.

Yours Faithfully,

(Gautam Maurya)
FCA, DISA, Registered Valuer
Registration No.: IBBI/RV/05/2019/10980
UDIN:

EXECUTIVE SUMMARY

There is a proposal for amalgamation of Kumar Metals Pvt Ltd with ECE Industries Ltd, Re-organisation of Capital of ECE Industries Ltd, on voluntary basis; and other connected matters; to be implemented through a Scheme of Arrangement under the provisions of the Companies Act, 2013, and other applicable provisions, if any.

Since Kumar Metals Pvt Ltd (the Transferor Company) ("KMPL") is a wholly owned subsidiary of ECE Industries Ltd (the Transferee Company) ("ECE"), no new share will be issued by ECE Industries Ltd pursuant to the Amalgamation. Accordingly, valuation of shares of Kumar Metals Pvt Ltd and share exchange ratio for the amalgamation are not required/applicable in the present case. Accordingly, I have been engaged to carry out the valuation exercise and to determine the fair value of Equity Shares of ECE Industries Ltd for the purpose of the aforesaid Re-organization of its Capital.

In this respect, I, Gautam Maurya, a Chartered Accountant and Registered Valuer in respect of Securities or Financial Assets duly registered with the Insolvency and Bankruptcy Board of India vide Registration Number IBBI/RV/05/2019/10980 have been appointed by ECE Industries Ltd.

The Valuer is hereinafter referred to as "the Registered Valuer".

The objective of the present valuation process is as follows:

(a) To reorganize the equity share capital of ECE by cancelling shares held by the public shareholders on voluntary basis and then issuing equivalent number of 9% non-cumulative compulsorily redeemable preference shares in place of such cancelled equity shares.

It is pertinent to mention that the valuation of a business is not an exact science and ultimately depends upon a number of factors like the past financials, expected financial results, industry scenario, market recognition etc.

Based on my Analysis of the Company and subject to my comments and caveats as further detailed in this report, I summarize that

1) Valuation Per Equity Share of ECE: Valuation per Share of Rs. 231 per Equity Share of Rs. 10 Fully Paid up.

The detailed computation for valuation analysis is appended as Annexure I.

PURPOSE OF VALUATION

ABOUT THE TRANSACTION

ECE has been incorporated to establish and run in India the business of manufacturing transformers and elevators. The manufacturing plant of the company is situated at Sonepat, Ghaziabad and Hyderabad.

Kumar Metals Pvt Ltd (KMPL) has been incorporated to establish and run in India the business of manufacturing Gum Powder. The manufacturing plant of the company is situated at Mumbai, Maharashtra.

Based on the discussions held with the Management and Key Managerial Personnel ('KMP's) of both the companies, I understand that the managements are proposing:

(a) Amalgamation of KMPL i.e. wholly owned subsidiary company with ECE i.e. Holding Company and

(b) Re-organization of Capital of ECE: On Re-organization of Share Capital, up to 6,13,872 Equity Shares of ₹10 each of the ECE which are held by the Public Shareholders will be cancelled and equal number of 9% non-cumulative Compulsorily Redeemable Preference Shares of ₹10 each, credited as fully paid-up, will be issued by ECE to all such Public Shareholders, on voluntary basis. 9% non-cumulative Compulsorily Redeemable Preference Shares to be issued in terms of the above, will be redeemed in terms of the provisions of the Companies Act, 2013 at the fair value of the company within a maximum period of 20 years from the date of issue of such Redeemable Preference Shares with a put and call option available to the Preference Shareholders and ECE for early redemption.

SCOPE OF SERVICES

This valuation report has been prepared by the registered valuer to determine the fair value of Equity Shares of ECE for the purpose of Re-organization of its Capital. With the help of our specialized panel of Valuation experts, I will analyze the financial statements and business model of ECE and shall give our recommendation based on the facts and figures and shall provide a Fair value of Equity Shares.

SCOPE / LIMITATION

This valuation report has been prepared on the basis of the Certified Projected Financials of the Company for the next five financial years i.e. starting from December 2019 to March 2024 duly supplemented by its Terminal Value at the end of Five Years, along with discussion held with the management and other publically available information.

The valuation exercise was carried out under the following limitations:

- The Valuation analysis of Equity Shares is based upon the future projections of the Company provided to us, which is based upon various assumptions made by the Company relating to the operations of its business and any change in these assumptions may have an impact on the conclusion of this report.
- I have not made an appraisal or independent valuation or carried out any physical verification of any of the assets or liabilities of the Company and have not conducted an audit or due diligence or reviewed/validated the financial data provided by the management.
- The scope of our work has been limited both in terms of the areas of the business and operations which i have reviewed and the extent to which i have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and a wider scope might uncover.
- I have no obligation to update this report because of events or transactions occurring subsequent to the date of this report.

VALUATION METHODOLOGY, APPROACH AND ANALYSIS

Valuation Approaches

Valuation of a business is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be prepared to pay a substantial goodwill. This exercise may be carried out using various methodologies, the relative emphasis of each often varying with:

- whether the entity is listed on a stock exchange
- industry to which the company belongs
- past track record of the business and the case with which the growth rate in cash flows to perpetuity can be estimated
- extent to which industry and comparable company information is available.

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue. These approaches can be broadly categorized as follows:

1. Market Approach
2. Asset Approach
3. Income Approach

MARKET APPROACH

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of subject company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market.

As the price of the share of the company is not available, hence this method cannot be used for valuation.

ASSET APPROACH

The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost. The Net Asset Value (“NAV”) is generally used as a minimum break-up value for the transaction since the methodology ignores the future returns the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy it as a going concern.

This Valuation approach is therefore mainly used in case where the company is to liquidated or in case where asset base dominates earning capability.

I, therefore, have not considered this method for valuation of the Company.

INCOME APPROACH

The income approach determines fair market value by dividing the benefit stream generated by the subject or target company by a discount or capitalisation rate. The discount or capitalisation rate converts the stream of benefits into present value. There are several different income approaches, including Capitalisation of Earnings or Cash Flows, Discounted Future Cash Flows ('DFCF'). The result of a value calculation under the income approach is generally the fair market value of a controlling, marketable interest in the subject company, since the entire benefit stream of the subject company is most often valued, and the capitalization and the discounting rates are derived from statistics concerning public companies.

SOURCE OF INFORMATION

In connection with this exercise, I have received the following information from the management of ECE Industries Limited:

- Background of the Companies;
- Provisional Financial Statement of ECE for the period ended 15th December, 2019[1];
- Share Capital and Shareholding Pattern of ECE as at 31st March, 2019
- Share Capital and Shareholding Pattern of ECE as at 15th December, 2019;
- Future Projections of ECE;
- Discussions with the managements in connection with the operations of the Company, past trends and non-recurring / abnormal items, future plans and prospects, etc.;
- Other relevant information and documents for the purpose of this engagement;
- Publicly available information (i.e. analyst reports, articles, studies, and websites);

Whilst the statements made in this report are given in good faith, neither I, nor its directors and employees, accept any responsibility for any errors in the information on which the statements are based or for the effect of any such errors on the valuation. I have also obtained explanations and information considered reasonably necessary for our exercise, from the executives of the Companies.

CAVEATS

- This Valuation Report has been issued on the specific request of **ECE** and is to be read in totality and not in parts. In order to ascertain the fair valuation of Equity Shares of ECE for the purpose of re-organization of its capital, the company should be assessed as per the Discounted Future Cash Flow (DCF) Methodology. This Report is prepared exclusively for the above stated purpose and must not be copied, disclosed or circulated or referred to in correspondence or discussion with any other party. Neither this report nor its content may be used for any other purpose without prior written consent of management of the company.

- I have summarized the Valuation Analysis of the Equity Shares of the Company based on the information as was provided to us pursuant to the meetings held with the management of the Company and other publically available information. I do not assume any responsibility for the accuracy or reliability of such documents on which I have relied upon in forming our opinion. However, I would like to state that in the process of evaluation, nothing has come to our attention to indicate that the information provided was, materially mis-stated or incorrect or would not afford reasonable grounds to believe it is incorrect upon which the report is based. If there were any omissions, inaccuracies or misrepresentations of the information provided by the Management, then this may have the effect on our valuation computations.

- I have no present or planned future interest in ECE and/or Company and the fee for this Valuation analysis is not contingent upon the values reported herein. The Valuation Analysis contained herein is not intended to represent the value at any time other than the date that is specifically stated in this Report.

- Any person/party intending to provide finance/ deal in the shares / business of ECE shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are taking an informed decision.

- Our valuation is based on the market conditions and the regulatory environment that currently exist. However, changes to the same in the future could impact the Companies and the industry they operate in, which may impact our valuation.

1 Yet to be approved by the shareholders'

DETAILS OF SHARE CAPITAL OF THE COMPANY

Share Capital of ECE

Particulars	Amount (INR)
Authorized Share Capital	
1,45,00,000 Equity shares of INR 10 each	14,50,00,000
50,000 Redeemable Cumulative Preference Shares of INR 100 each	50,00,000
Total	**15,00,00,000**
Issued Share Capital	
73,33,875 Equity Shares of INR 10 each	7,33,38,750
Total	**7,33,38,750**
Subscribed and Fully Paid up Share Capital	
72,88,645 Equity shares of INR 10 each	7,28,86,450
Total	**7,28,86,450**

No. of Equity Shares held	No. of Shareholders	No. of Shares held	% of Shareholding
1 - 5,000	3,239	3,71,073	5.09%
5,001 - 10,000	4	34,326	0.47%
10,001 - 50,000	5	88,668	1.22%
50,001 - 1,00,000	2	1,37,605	1.89%
1,00,001 and above	13	66,56,973	91.33%
Total	**3,263**	**72,88,645**	**100.00%**

Current Shareholding Pattern of ECE

VALUATION METHODOLOGY USED

This Valuation Analysis report is thus valuing the Equity Shares of the Company specifically as per the Discounted Cash Flow Methodology (‘DCF’) only looking into the business model of the company. Calculation is as per ***Annexure I***.

BASIS OF DISCOUNTED CASH FLOW METHOD (DCF):

The DCF to equity method expresses the present value of the business attributable to equity shareholders as a function of its future cash earnings capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate. The value of the equity is arrived at by estimating the Free Cash Flows (FCF) to equity and discounting the same at the weighted average cost of capital (WACC). The DCF method using the FCF, values the benefits that accrue to the equity shareholders of the Company. This is estimated by forecasting the free cash flows available for the Company which are derived on the basis of likely future earnings of the companies and discounting these cash flows to their present value at WACC. The DCF methodology is considered to be the most appropriate basis for determining the earning capability of a business. It expresses the value of a business as a function of expected future cash earnings in present value terms. The approach seeks to measure the intrinsic ability of the business to generate cash attributable to its equity shareholders.

In the DCF approach, the appraiser estimates the cash flows of any business after all operating expenses, taxes, and necessary investments in working capital and Capex is being met. Valuing equity using the free cash flow to stockholders requires estimating only free cash flow to equity holders.

I have been provided the projected financial statements considering business plan of the company based on which, I have calculated the Enterprise value of the company under DCF and then derived the Equity value by adjusting Surplus and liabilities thereon as on the date of valuation.

<u>The following box provides generalized steps for using discounted free cash flows to estimate the value of the firm and then to derive the value per equity share of the Company.</u>

STEPS FOR FINDING DCF TO VALUE EQUITY SHARES	
EBIDTA Change in Working Capital Capital expenditures Taxes Terminal Value	Step 1: Arrive at Earning before Interest, Depreciation and Taxes Step 2: Less Change in Working Capital Step 3: Less: Capital expenditures Step 4: Less: Taxes Step 5: Add the terminal value accruing in the Final Year.
Free Cash Flow to the Company	
DFCF	Step 6: Discount the FCF for each year with WACC
Surplus Assets	Step 7: Add: Surplus Assets
Liabilities w.r.t. Surplus Assets	Step 8: Less: Liabilities w.r.t. Surplus Assets
Contingent Liabilities w.r.t. Surplus Assets	Step 9: Less: Contingent Liabilities w.r.t. Surplus Assets
Enterprise/Equity Value	Step 10: Value of the Enterprise
Fair Value Per Equity Share	Step 11: Divide Equity Value with No. of Equity Shares

For the purpose of valuation of Equity Shares and in this transaction through DCFC methodology, I have relied upon the projections provided by the management for the period Starting from December 2019 to March 2024 duly supplemented by its Terminal Value based on the Gordon Model along with the discussions held with the management and extrapolating the free cash flows at an annual growth rate of 3 percent to perpetuity.

Computation of Cost of Equity	
Particulars	**Rate**
Risk free Rate of Return (Rf)	6.78%
Market Return (Rm)	11.30%
Beta (β)	0.88
Cost of Equity (Ke){ <u>Ke = Rf+ ß(Rm-Rf)</u>}	**10.76%**
Risk Premium	**3.00%**
Cost of Equity(Ke)	**13.76%**

Based on our discussions with management and analysis of financials I have assumed that 100% equity is appropriate for the company for discounting future cash flows.

Computation of Weighted Average Cost of Capital ('WACC') of the company is given below: -

Particulars	Rate	Weights	Rate
Cost of Equity (Ke)	13.76%	100%	13.76%
Weighted Average Cost of Capital (WACC)			**13.76%**

Annexure-I

Computation of Value per share using DCF Methodology

(Amount in INR in Lakh)

Particulars	December 2019 to March 2020	2021	2022	2023	2024	Terminal Year profit Calculation
EBT	(274.19)	(750.79)	228.61	1,320.16	1,846.96	-
Add: Depreciation		105.35 207.90	210.33	210.33	210.33	-
EBTDA	(168.84)	(542.90)	438.94	1,530.49	2,057.29	2,119.01
Less:						
Changes in Working Capital	891.11	(371.53)	740.77	442.55	373.98	350.00
Capital Expenditure	500.00	175.00	175.00	175.00	175.00	175.00
Income Tax	-	-	-	165.53	480.03	494.43
Total Cash Outflow	1,391.11	(196.53)	915.70	783.08	1,029.01	1,019.43
Free Cash Flow	**(1,559.95)**	**(346.36)**	**(476.76)**	**747.41**	**1028.28**	**1099.58**
Terminal Value (Terminal Free Cash Flow/(WACC-Growth Rate)						10,219.21
Discounting Factor	0.96	0.85	0.74	0.65	0.58	
Discounted Free Cash Flow	**(1,502.38)**	**(293.23)**	**(354.80)**	**488.95**	**591.32**	**5,876.65**
Enterprise Value (Sum of Discounted Free Cash Flow)						**4,806.51**
Add: Surplus Assets						**20,398.14**
Less: Liabilities w.r.t. Surplus Assets						**6,107.78**
Less: Contingent Liabilities w.r.t. Surplus Assets						**2,280.14**
Total Enterprise Value						**16,816.73**
No. of Shares						72.89
Value Per share						**231.00**

INDEPENDENT AUDITOR'S REPORT

To the Members of Kumar Metals Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Kumar Metals Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31 2019, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Qualified Opinion

Refer Note 23 in Notes to Financial Statements wherein Company has made provision for the retirement benefits on accrual basis instead of on actuarial valuation basis as required by Accounting Standard-15 "Employee benefit". The impact of the above on the financial statements could not be determined.

We conducted our audit of the 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 Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, 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.

Emphasis of Matter

Attention is drawn to note no. 6 & 13 to the financial statements in relation to balances shown under trade payables and trade receivable are subject to reconciliation/ confirmation and respective consequential adjustment. Our opinion is not modified in respect of this matter.

Information other than the Financial Statements and Auditor's Report thereon

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

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

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

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

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

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

Other Matters

We did not audit the financial statements/ information of the Mumbai unit included in the financial statements of the Company whose financial statements reflect total assets of Rs. 16,649,671 as at 31st March, 2019 and total revenues of Rs. 56,411,710 for the year ended on that date, as considered in the financial statements. The financial statements/information of this unit have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these unit, is based solely on the report of such branch auditors. Our opinion is not modified in respect of this matter.

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;

   (b) In our opinion, except to the matter as stated in the basis of Qualified 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 report on the branch office of the Company situated in Mumbai audited under Section 143(8) of the Act, by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.

   (d) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (e) In our opinion, Except for the effects of the matter described in the basis for Qualified Opinion paragraph above, the

aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;

(f) The matter described in the basis for qualification paragraph above, in our opinion, may not have an adverse effect on the functioning of the company.

(g) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

(h) The qualifications relating to maintenance of accounts and other matters connected therewith is as stated in the Basis of Qualified Opinion.

(i) This report does not include Report on the internal financial controls under clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the 'Report on internal financial controls'), since in our opinion and according to the information and explanation given to us, the said report on internal financial controls is not applicable to the Company basis the exemption available to the Company under MCA notification no. G.S.R. 583(E) dated June 13, 2017, read with corrigendum dated July 13, 2017 on reporting on internal financial controls over financial reporting."

(j) The provisions of section 197 read with Schedule V to the Act is not applicable to the company since the company is not a public company as defined under section 2(71) of the Act;

(k) 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 no pending litigations in its financial statements;

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

iii. The provisions relating to transferring any amounts to the Investor Education and Protection Fund is not applicable to the company during the year.

For Singhi & Co.,
Chartered Accountants
Firm's Registration No. 302049E

(Aditya Singhi)
(Partner
Kolkata
Date: 30th day of September, 2019

Membership No. 305161
UDIN: 19305161AAAACC3772

KUMAR METALS PRIVATE LIMITED
CIN - U36911WB1973PTC028719
BALANCE SHEET AS AT 31st MARCH, 2019

PARTICULARS	NOTE NO.	AS AT 31st MARCH, 2019 (Rs.)	AS AT 31st MARCH, 2018 (Rs.)
EQUITY AND LIABILITIES			
1. Shareholder's Funds			
(a) Share Capital	2	100,000	100,000
(b) Reserves and Surplus	3	5,412,701	5,252,415
		5,512,701	**5,352,415**
2. Non-Current Liabilities			
Long-Term Provisions	4	84,375	74,077
		84,375	**74,077**
3. Current Liabilities			
(a) Short-Term Borrowings	5	4,070,000	4,070,000
(b) Trade Payables	6		
(i) Total Outstanding due to Micro and small enterprises		-	-
(ii) Total Outstanding due to creditors other than Micro and small enterprises		4,462,755	6,145,535
(c) Other Current Liabilities	7	2,916,369	2,279,307
(d) Short-Term Provisions	4	75,481	189,117
		11,524,605	**12,683,959**
TOTAL		**17,121,681**	**18,110,451**
ASSETS			
1. Non-Current Assets			
(a) Property, Plant and Equipment			
(i) Tangible Assets	8	1,316,132	1,543,619
(ii) Intangible Assets	8	644	644
(b) Non Current Investments	9	13,196	13,196
(c) Deferred Tax Assets (Net)	10	76,758	52,460
(d) Long Term Loans and Advances	11	171,475	165,855
		1,578,205	**1,775,774**
2. Current Assets			
(a) Inventories	12	2,423,527	1,758,808
(b) Trade Receivables	13	10,106,086	13,225,404
(c) Cash and Bank Balances	14	2,699,465	1,135,383
(d) Short Term Loans and Advances	11	226,240	177,009
(e) Other Current Assets	15	88,158	38,073
		15,543,476	**16,334,677**
TOTAL		**17,121,681**	**18,110,451**
Significant Accounting Policies	1		
Notes 1 to 27 are an integral part of the Financial Statements			

As per our report of even date annexed herewith

On behalf of the Board of Directors

For SINGHI & CO.
Chartered Accountants
Firm Registration No : 302049E

Gokul Chand Damani
DIN - 00191101

(Aditya Singhi)
Partner
Membership No. - 305161
Place - Kolkata
Dated - the 30th day of September, 2019

Basant Kumar Daga
DIN - 00922769

KUMAR METALS PRIVATE LIMITED
CIN - U36911WB1973PTC028719
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2019

PARTICULARS	NOTE NO.	FOR THE YEAR ENDED 31st MARCH, 2019 (Rs.)	FOR THE YEAR ENDED 31st MARCH, 2018 (Rs.)
INCOME:			
Revenue from Operations	16	56,241,264	54,648,486
Other Income	17	596,227	612,967
Total Income		**56,837,491**	**55,261,453**
EXPENSES:			
Cost of Materials Consumed	18	44,177,897	43,371,482
Changes in Inventories of Finished Goods	19	(15,621)	(186,788)
Employees Benefit Expenses	20	5,039,309	4,679,016
Finance Costs	21	430,076	388,277
Depreciation & Amortisation	8	357,395	406,491
Other Expenses	22	6,641,910	6,000,110
Total Expenses		**56,630,966**	**54,658,588**
Profit before Tax		**206,525**	**602,865**
Tax Expense:			
Current Tax		85,000	225,000
Provision for Tax relating to earlier years		(14,463)	(12,459)
Deferred Tax		(24,298)	(339)
Profit After Tax		**160,286**	**390,663**
Earnings per equity share (Nominal Value of Rs. 100/- each)			
Basic / Diluted		160.29	390.66
Significant Accounting Policies	1		
Notes 1 to 27 are an integral part of the Financial Statements			

As per our report of even date annexed herewith

For SINGHI & CO.
Chartered Accountants
Firm Registration No : 302049E

(Aditya Singhi)
Partner
Membership No. - 305161
Place - Kolkata
Dated - the 30th day of September, 2019

On behalf of the Board of Directors

Gokul Chand Damani
DIN - 00191101

Basant Kumar Daga
DIN - 00922769

KUMAR METALS PRIVATE LIMITED
CIN - U36911WB1973PTC028719
Cash Flow Statement for the year ended 31st March, 2019

		For the year ended March 31, 2019	For the year ended March 31, 2018
A.	**Cash Flow from Operating Activities**		
	Net Profit/(Loss) before tax	**206,525**	**602,865**
	Adjustments for:		
	Depreciation	357,395	406,491
	Interest earned	(123,231)	(7,528)
	Dividend received	-	(11)
	Liability no longer required written back	(2,530)	(9,579)
	Bad debts recoverd	-	(48,100)
	Loss of Sale of Fixed Assets	3,579	-
	Interest paid	430,076	388,277
	Operating Profit before Working Capital changes	**871,814**	**1,332,415**
	Increase/(Decrease) in Trade Payables, Other Current Liabilties & Provisions	(1,409,640)	1,837,040
	Decrease/(Increase) in Inventories	(664,719)	(147,109)
	Decrease/(Increase) in Trade Receivables, Loans & Advances & Other Current Assets	3,102,540	(2,127,045)
	Cash generated from Operations	**1,899,995**	**895,301**
	Direct Taxes Paid(Net of refunds)	(181,643)	(187,541)
	Net Cash from Operating Activities	**1,718,352**	**707,760**
B.	**Cash Flow from Investing Activities**		
	Purchase of Property, Plant & Equipment	(137,987)	(93,789)
	Sale of Property , Plant & Equipment	4,500	-
	Lease Rental Paid	-	-
	Security Deposit made during the year	-	-
	Interest received	35,073	7,528
	Dividend received	-	11
	Net Cash used in Investing Activities	**(98,414)**	**(86,250)**
C.	**Cash Flow from Financing Activities**		
	Short term borrowings taken	-	275,000
	Short term borrowings repaid	-	(275,000)
	Interest paid	(55,856)	(15,875)
	Net Cash used in Financing Activities	**(55,856)**	**(15,875)**
	Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	**1,564,082**	**605,635**
	Opening Cash and Cash Equivalents	**1,135,383**	**529,748**
	Closing Cash and Cash Equivalents	**2,699,465**	**1,135,383**

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS 3) 'Cash Flow Statement' as specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

2. Cash and Cash equivalent at the end of the year consist of:

	As at 31st March, 2019	As at 31st March, 2018
a) Cash in hand	6,883	13,682
b) Balance with Banks in Current Account	2,692,582	1,121,701
	2,699,465	**1,135,383**

3. Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.

As per our report of even date annexed herewith

For SINGHI & CO.
Chartered Accountants
Firm Registration No : 302049E

(Aditya Singhi)
Partner
Membership No. - 305161
Place - Kolkata
Dated - the 30th day of September, 2019

On behalf of the Board of Directors

Gokul Chand Damani
DIN - 00191101

Basant Kumar Daga
DIN - 00922769

	As at 31st March, 2019 (Rs.)	As at 31st March, 2018 (Rs.)
2 SHARE CAPITAL		
Authorised		
5,000 (Previous Year: 5,000) Equity Shares of Rs. 100/- each	500,000	500,000
	500,000	**500,000**
Issued, Subscribed & Paid up		
1,000 (Previous Year: 1,000) Equity Shares of Rs. 100/- each fully paid up	100,000	100,000
	100,000	**100,000**

a) Reconciliation of Shares outstanding at the beginning and at the end of year

	As at 31st March, 2019		As at 31st March, 2018	
	Number	**Amount**	**Number**	**Amount**
Shares outstanding at the beginning of the year	1,000	100,000	1,000	100,000
Add: Issued During the year	-	-	-	-
Balance at the end of the year	**1,000**	**100,000**	**1,000**	**100,000**

b) The company has one class of issued shares, i.e. equity shares having par value of Rs. 100 per share. Each holder of ordinary shares is entitled to one vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding.

c) The Company does not have any Holding Company/ultimate Holding Company.

d) Details of Shareholders holding more than 5% shares in the company, with number of shares held.

Name of Shareholder	As at 31st March, 2019		As at 31st March, 2018	
	Number	**Percentage**	**Number**	**Percentage**
1) Padamavati Investments Limited	395	39.50	395	39.50
2) Prakash Kumar Mohta	305	30.50	305	30.50
3) Prakash Kumar Mohta (HUF)	300	30.00	300	30.00

e) No Ordinary Shares have been reserved for issue under options and contracts/commitments for the sale of shares/ disinvestment as at the Balance Sheet date.

f) No shares have been allotted as fully paid up pursuant to contract(s) without payment being received in cash or by way of Bonus shares or has been bought back by the company during the period of five years preceeding the date as at which the Balance Sheet is prepared.

g) No Securities convertible into Equity/Preference shares, have been issued by the Company during the year.

h) No calls are unpaid by any Director or Officer of the Company during the year.

		As at 31st March, 2019 (Rs.)	As at 31st March, 2018 (Rs.)
3	**RESERVES & SURPLUS**		
	a) General Reserve		
	As per last Financial Statements	239,000	239,000
		239,000	**239,000**
	b) Surplus		
	As per last Financial Statements	5,013,415	4,622,752
	Add: Surplus from Statement of Profit & Loss	160,286	390,663
	Net Surplus	5,173,701	5,013,415
		5,412,701	**5,252,415**

4	**PROVISIONS**	Long Term		Short Term	
		As at 31st March, 2019 (Rs.)	As at 31st March, 2018 (Rs.)	As at 31st March, 2019 (Rs.)	As at 31st March, 2018 (Rs.)
	Provision for Employees Benefits				
	Gratuity	84,375	74,077	-	-
	Leave Salary	-	-	2,641	5,171
	Others				
	Provision for Income Tax (Net of Advance tax & TDS for 2018-19)	-	-	72,840	183,946
		84,375	**74,077**	**75,481**	**189,117**

		As at 31st March, 2019 (Rs.)	As at 31st March, 2018 (Rs.)
5	**SHORT TERM BORROWINGS**		
	Loans & Advances from Related Parties (Unsecured)		
	Loan From Bodies Corporate*	4,070,000	4,070,000
		4,070,000	**4,070,000**

* Loans from bodies Corporate are repayable on Demand

Name of the Party	Rate of Interest		(Rs.)
M/s Mudrika Goods Pvt. Ltd.	9%	1,575,000	
M/s Diplomat Ltd.	9%	2,495,000	2,495,000
		4,070,000	**4,070,000**

6	**TRADE PAYABLES**		
	For Goods & Supplies		
	Due to Micro and Small Enterprises*	-	-
	Due to Others	4,462,755	6,145,535
		4,462,755	**6,145,535**

*There are no outstanding dues to suppliers/service providers covered under Micro and Medium Enterprises Development Act, 2006 (MSMED) other than the disclosure being made. The disclosures as required under the said Act is as follows:

Particulars	Amount 31.03.2019	Amount 31.03.2018
a) Principal amount due to supplier under MSMED	-	-
b) Interest due to supplier on above	-	-
c) Any Payment made to supplier beyond appointed date (u/s 16 of the Act)	-	-
d) Interest due and payable to suppliers under MSMED	-	-
e) Interest accrued and remaining unpaid as at 31st March, 2018	-	-
f) Interest remaining due and payable under Section 23 of the Act	-	-

		As at 31st March, 2019 (Rs.)	As at 31st March, 2018 (Rs.)
7	**OTHER CURRENT LIABILITIES**		
	Interest accrued and due on borrowings	1,645,652	1,271,432
	Employee Related Liabilities	475,879	306,098
	Statutory Dues Payable	602,381	481,238
	Advance from Customer	-	23,600
	Unpaid Liabilities	140,917	152,695
	Other Payables	51,540	44,244
		2,916,369	**2,279,307**

8 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET	BLOCK
	As at 31st March, 2018	Additions during the year	Sales / Adjustments during the year	As at 31st March, 2019	Up to As at 31st March, 2018	For The Year	Sales/ Disc during the year	Up to As at 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018
(A) TANGIBLE ASSETS										
FACTORY SHED (ON LEASE BASIS) *	620,814	-	-	620,814	496,560	13,484	-	510,044	110,770	124,254
BUILDING (RESIDENTIAL)	129,800	-	-	129,800	123,310	-	-	123,310	6,490	6,490
PLANT AND MACHINERY	3,741,894	6,000	-	3,747,894	2,567,914	227,113	-	2,795,027	952,867	1,173,980
ELECTRICAL INSTALLATION	111,712	-	-	111,712	106,127	-	-	106,127	5,585	5,585
FURNITURE AND FIXTURES	254,862	46,374	-	301,236	201,669	16,629	-	218,298	82,938	53,193
VEHICLES	1,132,344	-	-	1,132,344	1,052,423	23,293	-	1,075,716	56,628	79,921
OFFICE EQUIPMENTS	196,564	48,744	32,345	212,963	144,295	39,533	27,164	156,664	56,299	52,269
COMPUTERS	249,132	36,869	76,365	209,636	201,205	37,343	73,467	165,081	44,555	47,927
TOTAL (A)	6,437,122	137,987	108,710	6,466,399	4,893,503	357,395	100,631	5,150,267	1,316,132	1,543,619
(B) INTANGIBLE ASSETS										
COMPUTER SOFTWARE	12,890	-	-	12,890	12,246	-	-	12,246	644	644
TOTAL (B)	12,890	-	-	12,890	12,246	-	-	12,246	644	644
TOTAL (A+B)	**6,450,012**	**137,987**	**108,710**	**6,479,289**	**4,905,749**	**357,395**	**100,631**	**5,162,513**	**1,316,776**	**1,544,263**
PREVIOUS YEAR	6,356,223	93,789	-	6,450,012	4,499,258	406,491	-	4,905,749	1,544,263	1,856,965

* The Company has taken factory on lease from Development Corporation of Kolkan Ltd. For twenty one years which expired on September-2004, earlier it was renewed for next 15 years, but now it has been extend to 21 years from October- 2004 to 2025 as per supplementary agreement dated 22.09.2016 effective from October 2004. Accordingly balance appearing as on 01.04.2016 Rs.22382/- and additional expenses Rs.106840/- made during the year of supplimentary lease agreement has been written offby way of depreciation on pro rata basis during balance life of lease period.

9 Non Current Investments

Non Trade Investments (Valued at Cost unless stated otherwise)

Name of the Company	Paid up	As at March 31, 2019		As at March 31, 2018	
	Value	No.of Shares	Book Value	No.of Shares	Book Value
	Rs.		Rs.		Rs.
Investment in Equity Instruments (Quoted Fully paid up)					
(Valued at Cost less provision for other than temporary diminution in the value of investment)					
Universal Prime Aluminium Limited (Bonus Shares)	10	40150	-	40150	-
Unique Manufacturing & Marketing Limited *	10	3200	10,452	3200	10,452
Pee Bee Steel Industries Limited *	10	200	428	200	428
Universal Enterprises Limited *	10	10000	100,000	10000	100,000
Reliance Capital Limited	10	1	50	1	50
			110,930		110,930
Less: Provision for Diminution in the value of investment			99,999		99,999
Sub Total (A)			**10,931**		**10,931**
Investment in Equity Instruments (Unquoted Fully paid up)					
Banashankari Co-operative Housing Society Limited	50	5	250	5	250
Gallant Sales Pvt Ltd	10	100	1,008	100	1,008
Gangadham Merchandise Pvt Ltd	10	100	1,007	100	1,007
Sub Total (B)			**2,265**		**2,265**
Total (A+B)			**13,196**		**13,196**
Total Non-Current Investments			**13,196**		**13,196**
Aggregate Book Value of Quoted Non-Current Investments			110,930		110,930
Aggregate Book Value of Unquoted Non-Current Investments			2,265		2,265
			113,195		**113,195**
Aggregate Market Value of Quoted Non-Current Investments			**150,767**		**164,653**
Aggregate provision made for dimunition in value of Non-Current Investments			**99,999**		**99,999**

* Since the Current Market price of the above quoted Investments as on 31st March,2019 is not available, hence the breakup value as on 31.3.2018 has been taken as market value of such investments.

		As at 31st March, 2019 (Rs.)	As at 31st March, 2018 (Rs.)
10	**DEFERRED TAX ASSETS (NET)**		
	Deferred Tax Asset comprising of timing difference on account of difference of closing WDV of fixed assets.	54,134	33,385
	Deferred Tax Assets comprising of timing difference on account of others	22,624	19,075
	Deferred Tax Assets (Net) as at Balance Sheet date	**76,758**	**52,460**

		Long Term		Short Term	
		As at 31st March, 2019 (Rs.)	As at 31st March, 2018 (Rs.)	As at 31st March, 2019 (Rs.)	As at 31st March, 2018 (Rs.)
11	**LOANS & ADVANCES**				
	Security Deposits				
	(Unsecured, considered good)	146,475	140,855	-	-
	Other Deposits	25,000	25,000	-	-
	(Unsecured, considered good)				
	Other Loans and Advances				
	(Unsecured, considered good)				
	Prepaid Expenses	-	-	56,059	48,187
	Advance to Employees	-	-	62,000	25,405
	Balances with Government & Statutory Authorities	-	-	90,250	52,917
	Advance Against Expenses	-	-	17,931	50,500
		171,475	**165,855**	**226,240**	**177,009**

		As at 31st March, 2019 (Rs.)	As at 31st March, 2018 (Rs.)
12	**INVENTORIES**		
	(As taken, valued and certified by the management)(At cost)		
	Raw Materials	1,807,123	1,205,842
	Finished Goods	455,369	439,748
	Fuel & Lubricants	10,861	31,771
	Packing Material	114,274	81,447
	Stores & spares	35,900	-
		2,423,527	**1,758,808**

		As at 31st March, 2019 (Rs.)	As at 31st March, 2018 (Rs.)
13	**TRADE RECEIVABLES**		
	(Unsecured, Considered good)		
	Outstanding for a period exceeding six months	285,843	305,533
	Other Receivables	9,820,243	12,919,871
		10,106,086	**13,225,404**
14	**CASH AND BANK BALANCES**		
	Balances with Banks (with Schedule Banks)		
	- In Current Account	2,692,582	1,121,701
	Cash on Hand (As Certified by Management)	6,883	13,682
		2,699,465	**1,135,383**
15	**OTHER CURRENT ASSETS**		
	Electricity receivable	-	38,073
	Interest Receivable	88,158	-
		88,158	**38,073**

		For the year ended 31st March, 2019 (Rs.)	For the year ended 31st March, 2018 (Rs.)
16	**REVENUE FROM OPERATIONS**		
	Sale of Products		
	Finished Goods	56,214,985	54,629,521
	Other Operating Revenues		
	Miscellaneous Sales	26,279	18,965
		56,241,264	**54,648,486**
	Details of Sales		
	Finished Goods		
	Gum Powder	56,214,985	54,629,521
		56,214,985	**54,629,521**
17	**OTHER INCOME**		
	Interest income	123,231	7,528
	Dividend Income	-	11
	Rent	470,400	524,300
	Miscellaneous Income	-	2,500
	Income of Earlier year	-	20,730
	Liabilities no longer required written back	2,530	9,579
	Bad Debts Recovered	-	48,100
	Sundry Balance W/Off	66	219
		596,227	**612,967**

		For the year ended 31st March, 2019 (Rs.)	For the year ended 31st March, 2018 (Rs.)
18	**COST OF MATERIAL CONSUMED**		
	Opening Stock	1,205,842	1,220,907
	Add: Purchase	44,779,178	43,356,417
		45,985,020	44,577,324
	Less: Closing Stock	1,807,123	1,205,842
		44,177,897	**43,371,482**
	Details of Raw Material Consumed		
	Starch	35,117,716	34,362,427
	Chemical	7,168,483	6,927,638
	Borax Granual	1,891,698	2,081,417
		44,177,897	**43,371,482**
19	**CHANGE IN INVENTORIES OF FINISHED GOODS**		
	Inventories at the end of the year		
	Finished Goods	455,369	439,748
		455,369	**439,748**
	Inventories at the beginning of the year		
	Finished Goods	439,748	284,580
	Less: (Increase)/Decrease of excise duty on Inventory	-	(31,620)
		439,748	**252,960**
		(15,621)	**(186,788)**
20	**EMPLOYEE BENEFIT EXPENSES**		
	Salary & Wages	4,592,733	4,235,002
	Contribution to PF & Other Funds	328,065	293,055
	Staff Welfare Expenses	118,511	150,959
		5,039,309	**4,679,016**
21	**FINANCE COST**		
	Interest on Loan	415,800	372,402
	Other Charges	14,276	15,875
		430,076	**388,277**

		For the year ended 31st March, 2019 (Rs.)	For the year ended 31st March, 2018 (Rs.)
22	**OTHER EXPENSES**		
	Consumption of Stores and Spares	679,965	477,096
	Power and Fuel	1,984,750	1,903,536
	Repairs to Buildings	80,205	56,905
	Repairs to Machinery	91,223	114,912
	Repairs to Other Assets	96,671	52,251
	Rent	292,472	284,411
	Rates and Taxes	25,745	23,009
	Auditors' Remuneration		
	As Audit Fees	46,800	64,800
	As Tax Audit Fees	12,500	12,500
	Other Services	7,500	-
	For Reimbursement of expenses	10,042	10,655
	Insurance	53,238	53,181
	Freight & Forwarding	2,105,093	1,839,798
	Legal and Professional Services	213,804	197,907
	Prior Period Expenses	275	4,302
	Loss on sale of fixed assets	3,579	-
	Miscellaneous Expenses	938,048	904,847
		6,641,910	**6,000,110**

INDEPENDENT AUDITORS' REPORT

To
The Members
ECE Industries Limited
Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **ECE Industries Limited, ('the Company')**, which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31st March 2019, its Statement of Profit & loss (financial performance including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of 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 (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's 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 financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the Key Audit Matter
A) Valuation of Investments Refer Note 2 to the Financial Statements The Company's investment portfolio represents a significant portion of the Company's total assets, which primarily consists of: i. Non-convertible debentures; ii. Equity Shares; iii. Preference Shares; iv. Venture Capital Funds; and v. Alternate Investments Funds The aforementioned instruments are valued at amortized cost or fair value through Other Compressive Income (FVOCI) or fair value through Profit and Loss (FVTPL) depending upon the nature as summarized below: 1. Instrument valued at amortized cost: a) Non-convertible debentures; and b) Preference Shares 2. Instrument valued at fair value through Other Comprehensive Income ('FVOCI'): a) Equity Shares 3. Instrument valued at fair value through Profit & Loss ('FVTPL'): a) Venture Capital Funds; and b) Alternate Investments Funds This is considered to be a significant area in view of the materiality of amounts involved, judgements involved in determining of impairment/ recoverability of instruments measured at amortized cost which includes assessment of market data/conditions and financial indicators of the investee and judgements in selecting the valuation basis and the complexities involved in the valuation of instruments carried at FVTPL and FVOCI which includes assessment of the available trading yield of relevant instruments.	**Our key procedures included, but not limited to, the following:** a) Assessed the appropriateness of the relevant accounting policies of the Company, including those relating to recognition and measurement of financial instrument by comparing with the applicable accounting standards; b) For instrument valued at fair value: i. Assessed the availability of quoted prices in liquid markets; ii. Assessed whether the valuation process is appropriately designed and captures relevant valuation inputs; iii. Performed testing of the inputs/assumptions used in the valuation; and iv. Assessed pricing model methodologies and assumptions against industry practice and valuation guidelines c) For instrument valued at amortized cost: Assessed the instrument for impairment by evaluating if there is any significant increase in credit risk, which mainly involves: Evaluating the regularity of the interest payment and principal repayment as per agreed plan/term of issuance of instrument, where applicable; and i. Obtained the valuations of instruments, where required; d) Assessed the appropriateness of the Company's description of the accounting policy and disclosures related to investments and whether these are adequately presented in the financial statements.
B) Litigations and claims- Provisions and Contingent Liabilities Refer note 23.1 and 40.1 to the Financial Statements The Company has ongoing litigations with various authorities and third parties which could have a significant impact on the results, if the potential exposures were to materialise. The amounts involved are significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability or disclosed as a contingent liability, is inherently subjective. The level of management judgement associated with determining the need for, and the quantum of, provisions for any liabilities arising from these litigations is considered to be high. This judgement is dependent on a number of significant assumptions and assessments which involves interpreting the various applicable rules, regulations, practices and considering precedents in the various jurisdictions. This matter is considered as a key audit matter, in view of the uncertainty regarding the outcome of these litigations, the significance of the amounts involved and the subjectivity involved in management's judgement as to whether the amount should be recognized as a provision or only disclosed as contingent liability in the financial statements.	**Our key procedures included, but not limited to, the following:** a) Assessed the appropriateness of the Company's accounting policies relating to provisions and contingent liability by comparing with the applicable accounting standards; b) Assessed the Company's process and the underlying controls for identification of the pending litigations and completeness for financial reporting and also for monitoring of significant developments in relation to such pending litigations; c) Assessed the Company's assumptions and estimates in respect of litigations, including the liabilities or provisions recognized or contingent liabilities disclosed in the financial statements. This involved assessing the probability of an unfavourable outcome of a given proceeding and the reliability of estimates of related amounts; d) Performed substantive procedures on the underlying calculations supporting the provisions recorded; e) Assessed the management's conclusions through understanding relevant judicial precedents in similar cases and the applicable rules and regulations; and f) Assessed the appropriateness of the Company's description of the accounting policy, disclosures related to litigations and whether these are adequately presented in the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

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

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

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 identified during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 and Statement of Cash Flow and the statement in changes in equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act.

(e) On the basis of written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operation effectiveness of such controls, refer to our separate report in **"Annexure- B".** Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) 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, 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 statements as detailed in Note 23 and 40 to the Financial Statements.

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

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for VSD & Associates
Chartered Accountants
F.R.No.008726N

(Vinod Sahni)
Partner
M.No.086666

Place: New Delhi
Dated: 10th June 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in our Independent Auditor's Report of even date to the members of the Company on the financial statements for the year ended 31st March, 2019, we report that:

i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property Plant & Equipment.

b) The company has planned program to physically verify assets in alternative years, which in our opinion is reasonable having regards to the size of the company and the nature of the assets. In accordance with the said program, certain property plant & equipment were verified during the year and no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii) As per the explanations given to us, inventories were physically verified during the year by the management at reasonable intervals and no material discrepancy was noticed on such verification.

iii) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act.

iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

v) The Company has not accepted any deposits from public.

vi) According to the information and explanations given to us, the company is maintaining its cost records as per the form prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, for the activities of the company. We have broadly reviewed the cost records made and maintained by the company and are of the opinion that prima facie the prescribed records have been made and maintained. We however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii) a) The company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax and any other statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable except as given below:

S. No.	Name of the Statue	Nature of Due	Period to which it Relates	Amount (₹ In lakh)	Date of Payment
1.	Jharkhand Value Added Tax Act, 2005	VAT Liability	2013-14 & 2014-15	3.54	Not Paid

b) According to the records of the company, there are no dues outstanding of Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, VAT and Cess on account of any dispute other than the following: -

Name of The Statute	Nature of Dues	Year	Amount (₹ In Lakh)*	Forum where dispute is Pending
Delhi Works Contract Act, 1999	Demand Towards Work Contract Tax	2002-03	12.00	Deputy Commissioner (Appeals), Delhi
Andhra Pradesh General Sales Tax Act, 1957 (Central)	Demand towards Works Contract Tax	2001-02, 2003-04	10.94	Commercial Tax Officer, Andhra Pradesh
Gujarat State Sales Tax Act, 1969	Demand towards work contract tax	1993-94	2.78	Deputy Commissioner (Appeals), Gujarat
Central Excise Act, 1944	Demand towards Excise Duty	1998-99	5.82	Andhra Pradesh High Court
U P Municipal Laws (Cess Act)	Demand towards Water Cess	1992-93	0.60	Tehsildar, Ghaziabad (U.P.)
Central Excise Act, 1944	Demand towards Excise Duty	2007-08	1.17	Additional Commissioner (Excise), Rohtak

*Net of payment

viii) The company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. According to the information and explanations given to us, there are no dues outstanding in respect of any debenture during the current financial year or any previous year.

ix) During the year the Company has not raised any funds through Initial/Further Public offer (including debt instruments) and the term loans were applied for the purpose for which they were obtained.

x) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid or 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) The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the financial statements as required by the applicable Indian accounting standards.

xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv) According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For VSD & Associates
Chartered Accountants
F.R.No.008726N

(Vinod Sahni)
Partner
M.No.086666

Place: New Delhi
Dated: 10th June 2019

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of ***ECE Industries Limited*** as of March 31st, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For VSD & Associates
Chartered Accountants
F.R.No.008726N

(Vinod Sahni)
Partner
M.No.086666

Place: New Delhi
Dated: 10th June 2019

ECE INDUSTRIES LIMITED
CIN: L31500DL1945PLC008279
BALANCE SHEET AS AT 31ST MARCH, 2019

(₹ in Lakh)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
I. ASSETS			
(1) Non-Current assets			
(a) Property, Plant and Equipment	1A	1,548.27	1,624.75
(b) Other Intangible assets	1B	10.18	15.99
(c) Intangible Assets under development		26.39	18.80
(d) Financial Assets			
(i) Investments	2	22,139.30	22,552.83
(ii) Loans	3	33.37	35.18
(iii) Other Financial Assets	4	4,713.46	4,268.08
(e) Deferred Tax Assets (Net)	5	501.40	51.14
(f) Other Non-Current Assets	6	57.10	-
(2) Current assets			
(a) Inventories	7	4,915.12	2,871.00
(b) Financial Assets			
(i) Investments	2	-	183.90
(ii) Trade Receivables	8	10,517.63	10,619.52
(iii) Cash and Cash Equivalents	9A	225.05	503.37
(iv) Bank Balances other than (iii) above	9B	5.07	3.76
(v) Loans	10	56.80	48.88
(vi) Other Financial Assets	11	339.14	303.10
(c) Current Tax Assets	12	859.61	768.97
(d) Other Current Assets	13	562.34	354.91
Total Assets		**46,510.23**	**44,224.18**
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share Capital	14	729.03	729.03
(b) Other Equity	15	25,883.61	26,733.89
(2) Liabilities			
(A) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	36.81	3.77
(ii) Others	17	26.55	28.18
(b) Provisions	18	242.40	225.13
(B) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	19	4,879.43	4,002.49
(ii) Trade Payables	20	7,659.89	6,147.80
(iii) Other Financial Liabilities	21	1,714.62	2,086.33
(b) Other Current Liabilities	22	4,996.29	3,937.42
(c) Provisions	23	341.60	330.14
Total Liabilities		**46,510.23**	**44,224.18**
Other Notes to Accounts	34 to 40		

The Notes referred to above from an integral part of Balance Sheet.
As per our Report of even date attached.

For VSD & Associates
Chartered Accountants
Firm Reg. No. 008726N
(Vinod Sahni)
Partner
Membership No. 086666
Place : New Delhi
Date : 10th June 2019

For and on behalf of Board of Directors

(Prakash Kumar Mohta)	**(Shiban Ganju)**	**(Rajat Sharma)**	**(Piyush Agarwal)**
Managing Director	Director	President & CFO	Company Secretary
DIN : 00191299	DIN : 03434994		

ECE INDUSTRIES LIMITED
CIN: L31500DL1945PLC008279
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2019

(₹ in Lakh)

Particulars	Note No.	1st April, 2018 to 31st March, 2019	1st April, 2017 to 31st March, 2018
INCOME			
Revenue from Operations	24	**25,271.39**	26,579.13
Other Income	25	**1,944.58**	8,520.71
Total Income		**27,215.97**	**35,099.84**
EXPENSES			
Cost of Materials Consumed		**19,716.27**	18,360.72
Purchases of Traded Goods		**38.26**	67.70
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	26	**(1,801.69)**	373.99
Excise duty	27	**-**	576.61
Employee Benefit Expense	28	**3,056.59**	2,760.93
Finance Costs	29	**528.81**	3,290.04
Depreciation and Amortization Expenses	30	**169.38**	177.29
Other Expenses	31	**5,165.72**	4,401.93
Total Expenses		**26,873.34**	**30,009.21**
Profit / (Loss) before exceptional items and tax		**342.63**	5,090.63
(Less) / Add : Exceptional Items	32	**(880.95)**	1,169.44
Profit / (Loss) before tax		**(538.32)**	**6,260.07**
Tax expense/(income)			
(1) Current tax		**(1.45)**	365.08
(2) Current tax for earlier years		**-**	(20.17)
(3) MAT credit entitlement for earlier years		**-**	(53.75)
(4) Deferred tax Charge / (Credit)	5	**(450.27)**	340.77
Profit/(Loss) for the Year		**(86.60)**	**5,628.14**
Other Comprehensive Income(OCI)			
(i) Items that will not be reclassified to profit or Loss	33	**(542.55)**	629.40
(ii) Income -tax relating to items that will not be reclassifield to profit & Loss		**(1.45)**	4.66
Other Comprehensive Income for the year,net of tax		**(544.00)**	**634.06**
Total Comprehensive Income for the year		**(630.60)**	**6,262.20**
Earning per equity share:			
Equity Shares of Rs. 10 Each			
Basic & Diluted	41.3	**(1.19)**	77.22
Other Notes on Accounts	34 to 40		

The Notes referred to above from an integral part of Balance Sheet.
As per our Report of even date attached.

For VSD & Associates
Chartered Accountants
Firm Reg. No. 008726N
(Vinod Sahni)
Partner
Membership No. 086666
Place : New Delhi
Date : 10th June 2019

For and on behalf of Board of Directors

(Prakash Kumar Mohta)
Managing Director
DIN : 00191299

(Shiban Ganju)
Director
DIN : 03434994

(Rajat Sharma)
President & CFO

(Piyush Agarwal)
Company Secretary

ECE INDUSTRIES LIMITED
CIN: L31500DL1945PLC008279
STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH 2019

(A) Equity Share Capital (₹ in lakh)

	As at March 31, 2019			As at March 31, 2018		
	Balance at the beginning of the reporting period	Changes during the year	Balance at the end of the reporting period	Balance at the beginning of the reporting period	Changes during the year	Balance at the end of the reporting period
Equity Share Capital	728.86	-	728.86	728.86	-	728.86
Add: Forfeited Shares(Amount paid up)	0.17	-	0.17	0.17	-	0.17
Total	**729.03**	**-**	**729.03**	**729.03**	**-**	**729.03**

(B) Other Equity **(₹ in lakh)**

Particulars	Reserves and Surplus				Items of Other Comprehensive Income	Total
	Securities Premium Reserve	Share Buy Back Reserve	General Reserve	Retained Earnings	Equity Instrustments	
As at April 2017	**2,150.19**	**283.26**	**6,043.89**	**7,978.40**	**4,235.25**	**20,690.99**
Profit for the Year	-	-	-	5,628.14	-	5,628.14
Other comprehensive Income	-	-	-	(8.81)	642.88	634.07
Total Comprehensive Income	**2,150.19**	**283.26**	**6,043.89**	**13,597.73**	**4,878.13**	**26,953.20**
Transfer from Retained Earnings	-	-	100.00	(100.00)	-	-
Transfer to Retained Earnings	-	-	-	5.96	(5.96)	-
Dividend	-	-	-	(182.22)	-	(182.22)
Dividend Distribution Tax	-	-	-	(37.09)	-	(37.09)
As at March 2018	**2,150.19**	**283.26**	**6,143.89**	**13,284.38**	**4,872.17**	**26,733.89**
Profit for the Year	-	-	-	(86.60)	-	(86.60)
Other comprehensive Income	-	-	-	2.74	(546.74)	(544.00)
Total Comprehensive Income	**2,150.19**	**283.26**	**6,143.89**	**13,200.52**	**4,325.43**	**26,103.29**
Transfer from Retained Earnings	-	-	-	-	-	-
Transfer to Retained Earnings	-	-	-	-	-	-
Dividend	-	-	-	(182.22)	-	(182.22)
Dividend Distribution Tax	-	-	-	(37.46)	-	(37.46)
As at March 2019	**2,150.19**	**283.26**	**6,143.89**	**12,980.84**	**4,325.43**	**25,883.61**

As per our Report of even date attached.
For VSD & Associates
Chartered Accountants
Firm Reg. No. 008726N
(Vinod Sahni)
Partner
Membership No. 086666
Place : New Delhi
Date : 10th June 2019

For and on behalf of Board of Directors

(Prakash Kumar Mohta)
Managing Director
DIN : 00191299

(Shiban Ganju)
Director
DIN : 03434994

(Rajat Sharma)
President & CFO

(Piyush Agarwal)
Company Secretary

ECE INDUSTRIES LIMITED
CIN: L31500DL1945PLC008279
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

(₹ in Lakh)

	Particulars	1st April, 2018 to 31st March, 2019	1st April, 2017 to 31st March, 2018
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before tax	**(538.32)**	**6,260.07**
	Adjustments for:		
	Depreciation and Amortization Expenses	**169.38**	177.29
	Fair Value change in Financial Instruments	**749.17**	(132.26)
	Acturial Loss transferred to OCI	**4.19**	(13.48)
	(Profit)/ Loss on disposal of Property, Plant & Equipment (Net)	**-**	(7,497.12)
	Dividend income on non-current Investments (other than Trade)	**(23.13)**	(6,034.73)
	Finance Costs	**528.81**	3,290.04
	Interest Income	**(727.44)**	(899.88)
	Interest Expense/(Income) on Financial Assets carried at fair value through Amortised cost (Net)	**(430.43)**	2,731.71
	Inter Corporate Deposits earlier written off, now recovered	**(28.85)**	-
	Net Provision for doubtful debts, loans and advances/ (Adjusted)	**(10.02)**	(50.83)
	Loss / (Profit) on sale of Investments	(5.43)	5,645.25
	Operating Profit / (Loss) before working capital changes	**(312.07)**	**3,476.05**
	Movement in Working Capital :		
	(Increase) / Decrease in Trade Receivables	**111.91**	(1,899.08)
	(Increase) / Decrease in Inventories	**(2,044.13)**	368.45
	Decrease / (Increase) in Other Receivables	**(286.22)**	(111.65)
	Increase /(Decrease) in Trade Payables. Other Liabilities & Provisions	**2,208.07**	890.06
	Cash generated from/ (Used in) operations	(322.44)	2,723.82
	Direct Tax Paid (Net)	**(92.09)**	(1,251.09)
	Net cash from/ (used in) Operating Activities	**(414.53)**	**1,472.73**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, Plant & Equipment	**(151.90)**	(69.05)
	Sale of Property, Plant & Equipment	**11.04**	665.18
	Sale of Investments	**3,107.02**	26,969.63
	Purchases of investments	**(3,798.55)**	(34,391.67)
	Inter Corporate Deposits earlier written off, now recovered	**28.85**	-
	Interest Received	**749.12**	893.16
	Dividend Received	**23.13**	6,034.73
	Net cash from/ (used in) Investing Activities	**(31.29)**	**101.98**

Particulars	1st April, 2018 to 31st March, 2019	1st April, 2017 to 31st March, 2018
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	**915.98**	1,743.51
Finance Costs	**(528.81)**	(3,290.04)
Dividend Paid	**(219.67)**	(219.31)
Net cash from/ (used in) Financing Activities	**167.50**	**(1,765.83)**
Net Increase/ (decrease) in Cash and Cash equivalents(A+B+C)	**(278.32)**	(191.12)
Cash and Cash equivalents at the beginning of the year	**503.37**	694.49
Cash and Cash equivalents at the end of the year	**225.05**	**503.37**
Cash on Hand	**9.40**	**9.22**
Balances with Banks:		
In Current Accounts	**215.40**	**281.08**
In Cash Credit Accounts	**0.25**	**213.07**
Earmarked Balances		
In Unclaimed Dividend Accounts	**5.07**	**3.76**
	230.11	**507.13**
Less :- Unclaimed Dividend lying with Bank	**5.07**	**3.76**
	225.05	**503.37**

As per our Report of even date attached.

For VSD & Associates
Chartered Accountants
Firm Reg. No. 008726N
(Vinod Sahni)
Partner
Membership No. 086666
Place : New Delhi
Date : 10th June 2019

For and on behalf of Board of Directors

(Prakash Kumar Mohta)
Managing Director
DIN : 00191299

(Shiban Ganju)
Director
DIN : 03434994

(Rajat Sharma)
President & CFO

(Piyush Agarwal)
Company Secretary

Note 1A - Property, Plant & Equipment

The changes in the carrying value of property, plant and equipment are as follows: (₹ in Lakh)

Particulars	Freehold Land	Leasehold Land	Building, Road & Culverts	Plant & Machinery	Electric and Gas Installation	Furniture & Fixtures	Office Equipments	Motor & Other Vehicles	Total
Gross carrying amount									
As at April 01, 2018	233.13	0.97	448.48	988.50	15.28	51.17	123.93	72.84	1,934.30
Additions	-	-	-	21.50	-	0.41	15.23	50.07	87.21
Disposal	-	-	-	-	-	-	-	0.83	0.83
As at March 31, 2019	**233.13**	**0.97**	**448.48**	**1,010.00**	**15.28**	**51.58**	**139.16**	**122.08**	**2,020.68**
Accumulated depreciation									
As at April 01, 2018	-	0.02	29.71	206.83	7.75	10.40	43.96	10.95	309.62
Depreciation for the year	-	0.02	19.84	94.41	3.84	6.21	25.35	13.91	163.58
Deductions	-	-	-	-	-	-	-	0.79	0.79
As at March 31, 2019	**-**	**0.04**	**49.55**	**301.24**	**11.59**	**16.61**	**69.31**	**24.07**	**472.41**
Net carrying amount As at March 31, 2018	233.13	0.95	418.77	781.68	7.53	40.77	79.97	61.88	1,624.75
As at March 31, 2019	**233.13**	**0.93**	**398.93**	**708.76**	**3.69**	**34.97**	**69.85**	**98.01**	**1,548.27**

Note 1B - Intangible Assets

The changes in the carrying value of intangible assets are as follows:

Particulars	Drawings & Development	Design Software	Total
Gross carrying amount			
As at April 01, 2018	47.95	24.67	72.62
Additions	-	-	-
Disposal	16.23	-	16.23
As at 31 March, 2019	**31.72**	**24.67**	**56.39**
Accumulated depreciation			
As at April 01, 2018	31.96	24.67	56.63
Depreciation for the year	5.81	-	5.81
Deductions	16.23	-	16.23
As at March 31, 2019	**21.54**	**24.67**	**46.21**
Net carrying amount As at March 31, 2018	15.99	-	15.99
As at March 31, 2019	**10.18**	**-**	**10.18**

2 INVESTMENTS (₹ in lakh)

Particulars	Face Value (₹)	As at March 31, 2019		As at March 31, 2018	
		Nos.	Amount	Nos.	Amount
(A) Non Current Investment					
(I) Investment at Amortised Cost					
Equity Shares,Fully Paid (Unquoted)					
Kesoram Textile Mills Ltd.(Refer Note 2.1)	2	225,800	4.52	225,800	4.52
Kesoram Insurance Broking Service Ltd.	10	50,000	5.00	50,000	5.00
Total Investment at Cost (I)			**9.52**		9.52
(II) Investment at Amortised Cost					
Debenture/Bonds,Fully Paid(Unquoted)					
Shambhavi Realty Pvt. Ltd NCD(Refer Note 2.2)	75,000	480	160.92	480	362.05
Preference Share,Fully Paid(Unquoted)					
IL&FS Transportation Network Ltd.	10	2,500,000	500.00	2,500,000	500.00
Total Investment at Amortised Cost (II)			**660.92**		862.05
(III) Investment at Fair Value Through OCI					
Equity Share,Fully Paid (Quoted)					
Aditya Birla Capital Ltd.(Refer Note. 2.4)	10	471,931	460.84	471,931	688.31
Aditya Birla Fashion & Retail Ltd.(Refer Note 2.3)	10	619,647	1,369.11	619,647	932.88
Jayshree Tea & Industries Ltd.	5	445,600	288.75	445,600	383.88
Grasim Industries Ltd.(Refer Note 2.3 & 2.6)	2	337,094	2,892.94	337,094	3,553.31
Total Investment at Fair Value Through OCI (III)			**5,011.64**		5,558.38
(IV) Investment at Fair Value Through PL					
Investment in Venture Capital Fund/Alternative Fund(Refer 2.8)					
ICICI Venture Capital Fund Real Estate Scheme I(Refer Note 2.7)	10	9,101,069	956.64	15,654,956	1,832.94
IIFL Special Opp. Fund Series IV	10	37,577,108	3,771.80	25,135,707	2,517.64
IIFL Special Oppor. Fund Class A5	10	4,741,523	467.25	4,741,523	473.05
ICICI Prudential Real Estate AIF-I	100	955,833	1,020.64	988,600	1,073.48
ICICI Prudential Real Estate AIF-II	100	369,059	370.20	-	-
IIFL Income Oppor.Fund Spl.Situation (Piramal)(Refer Note 2.2)	10	40,434,847	1,780.47	40,434,847	2,889.03
IIFL Income Oppor. Fund Series-II	10	3,834,089	388.09	-	-
IIFL Real Estate Fund (Domestic) Series-II(Refer Note 2.2)	10	23,630,358	1,892.37	23,630,358	1,864.81
IIFL Real Estate Fund (Domestic) Series-III(Refer Note 2.2)	10	6,130,000	280.88	6,130,000	324.56
IIFL Re Organize India Eq Fund CAT-III AIF(Kotak)TF	10	2,740,371	210.60	1,246,371	110.00
IIFL Special Opportunities Fund CAT-II AIF (Pre-Ipo)	10	9,298,231	1,081.09	7,124,527	818.29
Indiareit Apartment Fund (Piramal)(Refer Note 2.2)	1,00,000	805	1,263.57	1,573	1,898.08
Sundaram Alt.Opport.Nano Cap CAT-III TF	1,00,000	230	215.13	230	259.95
India Realty Excelence Fund-III	100	865,913	953.54	518,711	531.74
India Housing Fund	10	14,966,475	1,559.04	14,966,475	1,501.87
India Reality Excellence Fund-IV	100	222,810	213.90	-	-

Particulars	Face Value (₹)	As at March 31, 2019		As at March 31, 2018	
		Nos.	Amount	Nos.	Amount
Investment In Non-Convertible Debentures					
Edelweiss Finvest Private Ltd NCDS	1,00,000	25	32.01	25	27.44
Total Investment at Fair Value Through PL(IV)			**16,457.22**		16,122.88
Total Non Current Investment (A)			**22,139.30**		22,552.83
(B)Current Investment					
Investment at Fair Value Through PL					
Equity Share, Fully Paid (Quoted)					
Tata Motors DVR	2	-	-	100,000	183.90
Total Current Investment(B)			**-**		183.90
Total Investment(A+B)			**22,139.30**		22,736.73
		Non-Current	**Current**	**Non-Current**	Current
Aggregate Value of Quoted Investment		5,011.64	-	5,558.38	183.90
Aggregate Value of Unquoted Investment		17,127.66	-	16,994.44	-

2.1 Received on account of transfer of textile division by Kesoram Industries Ltd. to Kesoram Textile Mills Ltd. during the year 1999-2000.

2.2 Lien is created on the said investments towards allocation of demand loan upto maximum limit of Rs 5000 Lakh by IIFL wealth finance Ltd. Refer No. 19.3

2.3 Pursuant to the Scheme of Arrangement in FY 2017-18 among Aditya Birla Nuvo Limited, Grasim Industries Limited and Aditya Birla Financial Services Limited:

i) 1,78,744 equity shares of Grasim Industries Limited were alloted against the 1,19,163 equity shares of Aditya Birla Nuvo Limited.

ii) 4,71,931 equity shares of Aditya Birla Capital Limited (formerly Aditya Birla Financial Services Limited) were alloted against the 3,37,094 equity shares of Grasim Industries Limited.

2.4 During the year 2015-16, under the scheme for the transfer/ vesting by way of demerger of the "Madura Undertaking" an undertaking of Aditya Birla Nuvo Limited (ABNL), on a going concern basis, to Aditya Birla Fashion and Retail Limited (ABFRL), 6,19,647 equity shares of ABFRL were allotted against 1,19,163 equity shares of Aditya Birla Nuvo Limited (ABNL). As such, cost of acquisition of equity shares to be issued by ABFRL for every one equity share held in ABNL is 0.87% of the total cost of acquisition of shares held in ABNL prior to the scheme.

2.5 Received pursuant to scheme of arrangement between Samruddhi Cements Ltd. and Ultratech Cements Ltd during the year 2010-2011.

2.6 Received pursuant to the scheme of arrangement between Grasim Industries Ltd. and Indian Rayon & Industries Ltd during the year 1999-2000.

2.7 Lien has been created on 1,00,00,000 units of the said investments in accordance with the terms of Bill Discounting Facility sanctioned by Aditya Birla Finance Limited referred to in Note No. 19.2.

2.8 All the above funds have been valued on the basis of latest data available with the management.

(₹ in lakh)

Particulars		As at March 31, 2019	As at March 31, 2018
3	**NON-CURRENT LOANS**		
	Security Deposits	33.37	35.18
		33.37	**35.18**
4	**OTHER NON-CURRENT FINANCIAL ASSETS**		
	Earnest Money Deposits	183.74	168.79
	Receivable against sale of Property,Plant & Equipment	4,529.72	4,099.29
		4,713.46	**4,268.08**
5	**Deffered Tax Asset**		
	Deffered Tax Assets		
	Provision and Liabilities	669.88	625.88
	Mat Credit Entitlement	156.29	156.29
	Gross Deferred Tax Asset	**826.17**	**782.17**
	Less Deferred Tax Liabilities		
	Timing Difference on Depreciable Assets	249.38	343.61
	Fair Value of Investment(net)	75.39	387.42
	Gross Deferred Tax Liability	**324.77**	731.03
	Net Deferred Tax Assets	**501.40**	**51.14**
6	**OTHER NON-CURRENT ASSETS**		
	Capital Advances	57.10	-
		57.10	**-**
7	**INVENTORIES**		
	(Valued at Lower of Cost and Net Realisable Value)		
	Raw Materials	1,609.96	1,432.69
	Work in Progress	3,029.63	1,250.55
	Finished Goods	65.06	30.56
	Stock in Trade	-	11.71
	Stores and Spares	210.39	145.22
	Scrap at realizable value	0.08	0.27
		4,915.12	**2,871.00**

(₹ in lakh)

Particulars		As at March 31, 2019	As at March 31, 2018
8	**TRADE RECEIVABLES**		
	Unsecured		
	Considered Good	10,517.63	10,619.52
	Considered Doubtful	192.58	202.60
	Less: Allowance for Credit Losses	(192.58)	(202.60)
		10,517.63	**10,619.52**
8.1	Balance with customers are subject to confirmations and reconciliations.		
9A	**CASH AND CASH EQUIVALENTS**		
	Balances with Banks:		
	In Current Accounts	215.40	281.08
	In Cash Credit Accounts	0.25	213.07
	Cash on Hand	9.40	9.22
		225.05	**503.37**
9B	**BANK BALANCES OTHER THAN ABOVE**		
	Earmarked Balances		
	In Unclaimed Dividend Accounts	5.07	3.76
		5.07	**3.76**
10	**CURRENT LOANS**		
	Loan to Staff	56.80	48.88
		56.80	**48.88**
11	**OTHER CURRENT FINANCIAL ASSETS**		
	8978	37.34	42.67
	Deposit with Others	72.17	34.95
	Accrued Interest Receivable	31.31	52.99
	Other Receivables	198.32	172.49
		339.14	**303.10**
12	**CURRENT TAX ASSETS**		
	Income Tax Assets (Net)	**859.61**	**768.97**

(₹ in lakh)

Particulars	As at March 31, 2019	As at March 31, 2018
13 OTHER CURRENT ASSETS		
Advance to Suppliers	212.86	203.78
Balance with Revenue Authorities	324.58	131.19
Prepaid Expenses	11.23	9.82
Others	13.67	10.12
	562.34	**354.91**

14 EQUITY SHARE CAPITAL

	As at March 31, 2019		As at March 31, 2018	
	Nos.	**Amount (in Lakh)**	**Nos.**	Amount (in Lakh)
(a) Authorised Share Capital				
Equity Shares of ₹. 10 Each	14,500,000	1,450.00	14,500,000	1,450.00
Redeemable Cumulative Preference Shares of ₹. 100/- each	50,000	50.00	50,000	50.00
	14,550,000	**1,500.00**	**14,550,000**	**1,500.00**
Issued				
Equity Shares of ₹. 10/- each fully paid-up	7,333,875	733.39	7,333,875	733.39
	7,333,875	**733.39**	**7,333,875**	**733.39**
Subscribed and Paid - up				
Equity Shares of ₹. 10/- each fully paid-up	7,288,645	**728.86**	7,288,645	728.86
Add: Forfeited Shares (Amount originally Paid-up)		**0.17**		0.17
	7,288,645	**729.03**	**7,288,645**	**729.03**

14.1 **Reconciliation of the number of Equity shares outstanding**

Particulars	**As at March 31, 2019**		**As at March 31, 2018**	
	Nos	**Amount (in Lakh)**	**Nos**	**Amount (in Lakh)**
Number of shares at the beginning	7,288,645	728.86	7,288,645	728.86
Add: Shares issued during the year	-	-	-	-
Add / (Less) : Shares issued / bought back during the year	-	-	-	-
Number of shares at the end	**7,288,645**	**728.86**	**7,288,645**	728.86

14.2 **Total number of 4,37,280 Equity Shares were bought back in the last five years.**

14.3 **Details of the Share holders holding more than 5% shares alongwith number of shares held**

Shareholder's Name	**As at March 31, 2019**		**As at March 31, 2018**	
	No. of Shares held	**% of Equity Shares**	**No. of Shares held**	% of Equity Shares
Jayantika Inv. & Finance Ltd. (Formerly Parvati Tea Company Pvt. Ltd.)	2,709,997	37.18	2,709,997	37.18
Prakash Kumar Mohta	1,524,182	20.91	1,524,182	20.91
Jayshree Finvest Pvt. Ltd.	449,124	6.16	449,124	6.16
Bhiragacha Finance Co. Pvt. Ltd.	917,734	12.59	917,734	12.59

14.4 Rights, preferences and restrictions attached with Shares

Equity Shares : The company has issued one class of Equity Share having a par value of ₹. 10 per share. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(₹ in lakh)

Particulars			As at March 31, 2019	As at March 31, 2018
15	**OTHER EQUITY**			
	Securities Premium Account			
	As per last Balance Sheet		2,150.19	2,150.19
		(A)	**2,150.19**	**2,150.19**
	Share Buy Back Reserve			
	As per last Balance Sheet		283.26	283.26
		(B)	**283.26**	**283.26**
	General Reserve			
	As per last Balance Sheet		6,143.89	6,043.89
	Add: Transfer from Statement of Retained Earnings		-	100.00
		(C)	**6,143.89**	**6,143.89**
	Retained Earnings			
	Balance Brought Forward from Previous Year		13,284.38	7,978.40
	Add: Profit/(Loss) for the period		(86.60)	5,628.14
	Add: Transfer from Other Comprehensive Income		-	5.96
			13,197.78	**13,612.51**
	Less :			
	Acturial Loss on defined benefits Obligations(Net of Tax)		(2.74)	8.81
	Proposed Dividend		182.22	182.22
	Tax on Dividend		37.46	37.09
	Transfer to General Reserve		-	100.00
	Balance Carried to Next Year	(D)	**12,980.84**	**13,284.38**
	Other Comprehensive Income(OCI)			
	Balance Brought Forward from Previous Year		4,872.17	4,235.25
	Add: Movement in OCI(Net) during the year		(546.74)	642.88
	Less: Transfer to Retained Earnings		-	(5.96)
		(E)	**4,325.43**	**4,872.17**
	Total Other Equity (A+B+C+D+E)		**25,883.61**	**26,733.89**

(A) The amount received in excess of the par value has been classified as securities premium and shall be utilized in accordance with Section 52 of Companies Act, 2013.

(B) The amount equal to the nominal value of the shares purchased by the Company has been classified as Share Buy Back Reserve and shall be utilized in accordance with Section 69 of the Companies Act, 2013.

(C) This amount represents retained earnings of a company which are kept aside out of company's profits to meet future (known or unknown) obligations.

(D) This amount represents the accumulated earnings of the Company.

(₹ in lakh)

Particulars			As at March 31, 2019	As at March 31, 2018
16	**NON-CURRENT BORROWINGS**			
	Term Loans (Secured)			
	- From Banks			
	Yes Bank	16.1	33.84	-
	Bank of Baroda	16.2	2.97	3.77
	Total Non-Current Borrowings		**36.81**	**3.77**

16.1 The loan is sanctioned for ₹ 43.72 lakh repayable in 60 equal monthly instalments and is secured by way of Hypothecation of the respective Vehicle.

16.2 The loan is sanctioned for ₹ 4.50 lakh repayable in 60 equal monthly instalments and is secured by way of Hypothecation of the respective Vehicle.

17	**OTHER NON-CURRENT FINANCIAL LIABILITIES**			
	Security Deposits		26.55	28.18
			26.55	**28.18**
18	**NON-CURRENT PROVISIONS**			
	Provision for Employee Benefits		112.73	112.84
	Provision for Warranty	23.1	129.67	112.29
			242.40	**225.13**
19	**CURRENT BORROWINGS**			
	Secured Loans			
	Repayable on Demand			
	Cash Credit Facility from Banks	19.1	921.46	804.24
	Bill Discounting Facility from NBFC	19.2	1,700.00	1,700.00
	Loan against Securities from NBFC	19.3	1,977.44	1,122.82
			4,598.90	3,627.06
	Unsecured Loans			
	Repayable on Demand			
	Bill Discounting Facility from NBFC	19.2	280.53	375.43
			4,879.43	**4,002.49**

19.1 First Pari-Passu charge by way of hypothecation on all Current Assets of the company both present & future. Second Pari-Passu charge on Fixed Assets of the company as under :-
- Land & Building of Sonepat unit admeasuring 16.86 acres.
- Plant & Machinery of all units except Ghaziabad unit.
- Pari-Passu charge on other Fixed Assets of all units except Ghaziabad unit

19.2 The Company has entered into Bill Discounting Arrangement with Aditya Birla Finance Ltd. amounting to ₹2200 lakh against securities of Bank Guarantees and lien on units of ICICI Venture Capital Funds. (refer Note No. 2.7)

19.3 The Company has taken corporte loan from IIFL Wealth Finance Ltd. amounting to ₹5000 lakh against securities & lien on units of Venture Capital Fund and Debentures. (refer Note No. 2.2)

(₹ in lakh)

Particulars			As at March 31, 2019	As at March 31, 2018
20	**TRADE PAYABLES**			
	Payables for goods and services	20.1 & 20.2	7,659.89	6,147.80
			7,659.89	**6,147.80**

20.1 The principal amount of INR 382.48 lakh remaining unpaid on 31.03.2019 to suppliers as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to the extent such suppliers have been identified on the basis of information provided during the year to the Company. The Company generally makes payments to all its suppliers within the agreed credit period and thus the management is confident that the liability of interest under this Act, if any, would not be material.

20.2 Vendor's balances are subject to confirmations and reconciliations.

21	**OTHER CURRENT FINANCIAL LIABILITIES**			
	Current maturities of non-current borrowings		8.30	2.30
	Interest accrued and not due on borrowings		39.10	55.49
	Unpaid Dividend		5.07	3.76
	Security Deposits		7.37	10.52
	Contractual Deductions by Customers & Price Variation		920.69	1,171.60
	Dues to Others		477.37	610.09
	Employee's Emoluments		256.72	232.57
			1,714.62	**2,086.33**
22	**OTHER CURRENT LIABILITIES**			
	Advances to Staff & Workers against Expenses		-	1.43
	Statutory Dues		222.97	315.04
	Sub Judicial Matter	40.5 to 40.7	1,818.67	1,818.67
	Advance from and Credit Balance of Customers & Others		2,665.04	1,568.23
	Advance against sale of Property,Plant & Equipment		96.65	85.65
	Unearned Revenue		192.96	147.49
	Other liabilities		-	0.90
			4,996.29	**3,937.42**
23	**CURRENT PROVISIONS**			
	Provision for Employee Benefits		143.44	130.57
	Provision for Warrantees	23.1	173.16	152.07
	Provision for Expenses		-	22.50
	Provision for Contingency	23.1	25.00	25.00
			-	
			341.60	**330.14**

(₹ in lakh)

23.1 Disclosures as per Ind AS-37

Particulars	Ref. No.	Balance as at 01.04.2018	Additions during the year	Used & reversed during the year	Balance as at 31.03.2019
Provision for Warranty	23.1.1	**264.36**	**95.75**	**(57.27)**	**302.84**
		(270.50)	(5.54)	(11.68)	**(264.36)**
Provision for Loss on Onerous Contracts		**-**	**-**	**-**	**-**
		(19.00)	-	(19.00)	**-**
Provision for Contingency against Sales Tax Demands	23.1.2	**25.00**	**-**	**-**	**25.00**
		(25.00)	-	-	(25.00)
Current Year		**289.36**	**95.75**	**(57.27)**	**327.84**
Previous Year		(314.50)	(5.54)	(30.68)	(289.36)

23.1.1 Warranty provision covers the estimated expenses to be incurred during warranty period of the products of the company determined on the basis of past experience. The company reviews the warranty provisions at periodical intervals and the same is adjusted to the estimated expenses to be incurred during the balance warranty period of the product. Expenses incurred during the year against warranty are being directly charged to Statement of Profit & Loss.

23.1.2 Refer Note 40.1(a)(ii).

	Particulars	Ref.	1st April, 2018 to 31st March, 2019	1st April, 2017 to 31st March, 2018
24	**REVENUE FROM OPERATIONS**			
	Sale of Product and Services			
	Sale of Finished Goods		18,277.52	20,553.45
	Contract Jobs		5,918.05	4,893.96
	Maintenance and Services Revenue		977.49	997.09
		(A)	**25,173.06**	26,444.50
	Other Operating Income			
	Sales of Production Scrap	**(B)**	98.33	134.63
	Total Revenue	**(A)+(B)**	**25,271.39**	**26,579.13**
25	**OTHER INCOME**			
	Interest Income		727.44	899.88
	Rent & Licence Fees		161.85	157.58
	Freight Received (Net)		-	84.71
	Royalty Received		30.00	30.00
	Dividend Income from Non-Current Investments (Other than Trade)		23.13	6,034.73
	Sundry Balances Written Back		147.35	184.71
	Profit on Sale of Property, Plant & Equipment		-	3.87
	Reversal of Provisions		74.13	-
	Net Gain/Loss arising on Financial Assets mandatorily measured at FVTPL		207.43	795.81
	Net Gain/Loss on Derivatives		16.57	159.91
	Interest Income on Financial Assets carried at fair value through Amortised cost		430.43	90.93
	Inter Corporate Deposits earlier written off, now recovered		28.85	-
	Bad-debts Recovered		97.07	66.15
	Misc. Income		0.33	12.43
			1,944.58	**8,520.71**

(₹ in lakh)

	Particulars	Ref.	1st April, 2018 to 31st March, 2019	1st April, 2017 to 31st March, 2018
26	**CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**			
	Closing Stock			
	Finished Goods		65.06	30.56
	Work-in-Progress		3,029.72	1,250.82
	Stock-in-Trade		-	11.71
			3,094.78	1,293.09
	Less:			
	Opening Stock			
	Finished Goods		30.56	30.74
	Work-in-Progress		1,250.82	1,633.54
	Stock-in-Trade		11.71	2.80
			1,293.09	1,667.08
	Decrease / (Increase) in Stock		**(1,801.69)**	**373.99**
27	**EXCISE DUTY**			
	Excise Duty		-	576.61
			-	**576.61**
28	**EMPLOYEE BENEFIT EXPENSES**			
	Salaries and Wages		2,778.40	2,454.88
	Contribution to Provident and Others Funds		161.54	202.52
	Workmen and Staff Welfare Expenses		116.65	103.54
			3,056.59	2,760.93
29	**FINANCE COSTS**			
	Interest Expense	**29.1**	497.69	3,286.27
	Other Borrowing Cost		31.12	3.77
			528.81	**3,290.04**

29.1 For the Financial Year 2017-18, this expense includes Interest expense on financial asset carried at fair value through amortized cost of ₹2,822.60 lakh.

30	**DEPRECIATION & AMORTIZATION EXPENSE**		
	Depreciation & Amortization Expense	169.38	177.29
		169.38	**177.29**

(₹ in lakh)

	Particulars	Ref.	1st April, 2018 to 31st March, 2019	1st April, 2017 to 31st March, 2018
31	**OTHER EXPENSES**			
	Stores and Spare Parts Consumed		1,177.13	813.44
	Processing & Material Handling Expenses		1,269.99	1,027.94
	Freight outwards, Transport and Octroi Expenses		173.52	117.32
	Power & Fuel Expenses		281.53	262.91
	Rent		100.57	106.97
	Rates and Taxes		22.86	51.21
	Auditor's Remuneration	31.1	5.76	5.63
	Repair and Maintenance:			
	- Buildings		48.84	18.46
	- Plant and Machinery		15.51	42.84
	- Others		54.45	69.43
	Commission on Sales		323.56	268.41
	Insurance		33.03	31.63
	Legal & Professional Charges		304.72	266.80
	Travelling & Conveyance Expenses	31.2	414.71	365.93
	Bank Charges		181.72	131.72
	After Sales Services		116.17	34.68
	Impulse & Short Circuit Charges		138.04	84.98
	Debt, Advance & other debit balance Written off		10.02	38.31
	Contractual Deductions / Recoveries by Customers		-	245.69
	Directors Sitting Fees		1.36	1.38
	Miscellaneous Expenses		492.23	416.26
			5,165.72	**4,401.93**
31.1	**Payment to Statutory Auditors :**			
	i) Audit Fee		2.50	2.00
	ii) Quarterly review of accounts		2.25	2.25
	iii) Reimbursement of Expenses		0.79	1.17
	iv) Certification		0.23	0.21

31.2 Includes Directors' Travelling ₹ 64.28 Lakh (Previous Year ₹ 56.28 Lakh).

32	**EXCEPTIONAL ITEMS**		
32.1	Profit/(Loss) on Sale of Immovable Property	-	7,478.25
32.2	Profit/(Loss) on Sale of Non-Current Investments (other than Trade)	**(880.95)**	**(6,308.80)**
		(880.95)	**1,169.44**

(₹ in lakh)

Particulars		Ref.	1st April, 2018 to 31st March, 2019	1st April, 2017 to 31st March, 2018
33	**OTHER COMPREHENSIVE INCOME**			
A.	Items that will not be reclassified to Profit & Loss			
1.	Actuarial gain/(loss) on Defined Benefit Obligations		4.19	(13.48)
	Income Tax Effect		(1.45)	4.66
2.	Net gain/(loss) on FVTOCI Equity securities		(546.74)	642.88
	Income Tax Effect		-	-
B.	Items that will be reclassified to Profit & Loss		-	-
			(544.00)	**634.06**

34. CATEGORY-WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS **(₹ in lakh)**

PARTICULARS	NON- CURRENT		CURRENT	
	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
Financial Assets :				
Measured at Cost				
Investments	9.52	9.52	-	-
Measured at Amortised Cost				
Investments	660.92	862.05	-	-
Trade Receivables	-	-	10,517.63	10,619.52
Cash & cash equivalents	-	-	225.05	503.37
Other Bank balances	-	-	5.07	3.76
Loans	33.37	35.18	56.80	48.88
Other Financial Assets	4,713.46	4,268.08	339.14	303.10
Measured at Fair Value through Profit or Loss				
Investments	16,457.22	16,122.88	-	183.90
Measured at Fair Value through Other Comprehensive Income				
Investments	5,011.64	5,558.38	-	-
Total Financial Assets	**26,886.14**	**26,856.09**	**11,143.69**	**11,662.53**
Financial Liabilities				
Measured at Amortised Cost				
Borrowings	36.81	3.77	4,879.43	4,002.49
Trade Payables	-	-	7,659.89	6,147.80
Other Financial Liabilities	26.55	28.18	1,714.62	2,086.33
Total Financial Liabilities	**63.36**	**31.95**	**14,253.94**	**12,236.62**

35 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table provides Fair Value mearsurement hierarchy of company's financial asset and financial liabilities:

(₹ in lakh)

Particulars	Fair Value Hierarchy (Level)	31st March, 2019	31st March, 2018
Financial Assets			
Measured at Cost			
Investments		9.52	9.52
Measured at Amortised Cost			
Investments	3	660.92	862.05
Other Financial Assets	3	4,529.72	4,099.29
Measured at Fair Value through Profit or Loss			
Investments	1	16,457.22	16,306.78
Measured at Fair Value through Other Comprehensive Income			
Investments	2	5,011.64	5,558.38
Total Financial Assets		**26,669.02**	**26,836.02**

36 FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

The company's principal financial liabilities comprise borrowings, trade payables, other financial liabilities and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets include investments, trade receivables, cash and cash equivalents, other bank balances and loans. The Company is exposed to market risk and credit risk.

The Company has a Risk management policy and its management is supported by a Risk management committee that advises on risks and the appropriate risk governance framework for the Company. The Risk management committee provides assurance to the Company's management that the Company's risk activities are governed by appropriate policies and procedures and that risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include FVTOCI investments and FVTPL investments.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a foreign currency 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 which is minimal. The Company monitors the foreign exchange fluctuations on continuous basis and advises the management of any material adverse effect on the Company and for taking risk mitigation measures. Since the Company's foreign currency risk exposure is limited, therefore detailed dislcosure of the same has not been provided.

Equity Price Risks

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments/mutual funds. Reports on the investment portfolio are submitted to the Company's management on a regular basis.

Equity Price Sensitivity

The following table shows the effect of price changes in quoted and unquoted equity shares , quoted and unquoted equity mutual funds/fixed maturity plan.

(₹ in lakh)

Particulars	31st March, 2019		31st March, 2018	
Investment	5021.16		5751.80	
Price Change	`+5%	-5.00%	`+5%	-5.00%
Effect on Profit before Tax	251.06	(251.06)	287.59	(287.59)

Credit Risks

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

Trade Receivables

An impairment analysis is performed at each reporting date on an individual basis for all the customers. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on credit losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed as the Company does not hold collateral as security. The Company has evaluated the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries.

Liquidity Risk

Liquidity risk is the risk that Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial asset and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analysis financial liabilities of the Company into relevant maturity Companyings based on the remaining period from the reporting date to the contractual maturity date. The amount disclosed in the table are the contractual undiscounted cash flow.

	Less than 1 Year	Between 1 to 5 Years	Total	Carrying Value
As at 31st March, 2019				
Borrowings (Refer Note No.16,19,21)	4,887.73	36.81	4,924.54	4,924.54
Trade Payables (Refer Note No. 20)	7,659.89	-	7,659.89	7,659.89
Other Financial Liabilities (Refer Note No. 17,21)	1,706.32	26.55	1,732.87	1,732.87
As at 31st March, 2018				
Borrowings (Refer Note No.16,19,21)	4,004.78	3.77	4,008.56	4,008.56
Trade Payables (Refer Note No. 20)	6,147.80	-	6,147.80	6,147.80
Other Financial Liabilities (Refer Note No. 17,21)	2,084.03	28.18	2,112.21	2,112.21

37 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

Particulars	31st March, 2019	31st March, 2018
Net Debts*	4,738.59	3,560.68
Total equity	26,612.64	27,462.92
Net debt to equity ratio	**0.18**	**0.13**

38 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgements

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

Equity Investments measured at FVTOCI

The company has exercised the option to measure investment in equity instruments, not held for trading at FVTOCI in accordance with Ind AS 109. It has exercised this irrevocable option for its class of quoted equity shares. The option renders the equity instruments elected to be measured at FVTOCI non-recyclabe to Profit & Loss.

Business Model for Investment of Debt Instruments

For the purpose of measuring investments in debt instruments in accordance with Ind AS 109, the company has evaluated and determined that the business model for investments in quoted debentures and bonds is to collect the contractual cash flows and sell the financial asset . Such financial assets have been accordingly classified and measured at FVTOCI. For the purpose of measuring investments in debt instruments in accordance with Ind AS 109, the company has evaluated and determined that the business model for investments in unquoted debentures and bonds is only to collect the contractual cash flows . Such financial assets have been accordingly classified and measured at amortised cost.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit plans

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. Further details about gratuiy obligations are given in Note No. 40.4

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer Note No 35.

Depreciation / amortization and useful lives of property, plant and equipment / intangible assets

Property, plant and equipment / intangible assets are depreciated / amortized over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

Impairment of non-financial asset

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Determination of the recoverable amount involves management estimates on highly uncertain matters, such as commodity prices and their impact on markets and prices for upgraded products, development in demand, inflation, operating expenses and tax and legal systems. The Company uses internal business plans, quoted market prices and the Company's best estimate of commodity prices, currency rates, discount rates and other relevant information. A detailed forecast is developed for a period of three to five years with projections thereafter. The Company does not include a general growth factor to volumes or cash flows for the purpose of impairment tests, however, cash flows are generally increased by expected inflation and market recovery towards previously observed volumes is considered.

Taxes

The Company calculates income tax expense based on reported income. Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax basis that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned tax optimizing measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

NOTES TO ACCOUNTS

39 1. **Basis of Preparation**

a. Statement of Compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards (IND AS) as per the Companies (Indian Accounting Standard) Rules, 2015 (as amended) notified under section 133 of the Companies Act, 2013(the Act) and other relevant provision of the Act. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted IND AS from 01st April, 2017.

b. Functional and Presentation Currency

These financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded off to the nearest two decimals of lakh, unless otherwise indicated.

c. Historical Cost Convention

The financial statements have been prepared following accrual basis of accounting on a historical cost basis, except for the following which are measured at fair value:

(i) Certain financial assets and liabilities

(ii) Defined benefit plans

(ii) Property,Plant & Equipment

d. Fair Value Measurement

A number of Company's accounting policies and disclosures require fair value measurement for both financial and non-financial assets and liabilities.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement, as under:

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

(ii) Level II - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

(iii) Level III - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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

e. Current Versus Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset or liability is treated as current if it satisfies any of the following condition:

(i) the asset/liability is expected to be realised/settled in normal operating cycle;

(ii) the asset is intended for sale or consumption;

(iii) the asset/liability is held primarily for the purpose of trading;

(iv) the asset/liability is expected to be realised/settled within twelve months after the reporting period;

(v) the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period;

(vi) in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period

All other assets and liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

f. Use of Estimates and Judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures and disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. The revisions in accounting estimates and assumptions are recognised prospectively. Detailed information about estimates and judgements is included in Note 41.

2. Significant Accounting policies

g. Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency at the exchange rates on the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange difference arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss on net basis.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively.

h. Property, Plant & Equipment

(i) *Recognition & Measurement*

All items of property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment, if any. Cost of an item of PPE includes its purchase cost, non refundable taxes and duties, directly attributable cost of bringing the item to its working condition for its intended use and borrowing cost if the recognition criteria is met.

Subsequent costs are included in an item of PPE's carrying value or recognised as a separate item, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Capital work-in-progress is stated at cost.

An item of PPE or any significant part thereof is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss on derecognition of an item of PPE is recognized in Statement of Profit and Loss.

(ii) *Transition to Ind AS*

On transition to Ind AS the Company has elected to measure all items of PPE at fair value and use that as the deemed cost of such PPE.

(iii) *Depreciation methods, Estimated Useful Lives and Residual Value*

Depreciation on all items of PPE is calculated using the straight line method to allocate their cost, net of their residual value, over their estimated useful lives as prescribed in Schedule II to the Act

Depreciation on an item of PPE purchased/sold during the year is provided on pro-rata basis. Freehold land is not depreciated. The residual values are not more than 5% of the cost of an item of PPE. Depreciation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

i Intangible Assets

Intangible assets are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and impairment losses, if any.

On transition to Ind As the Company has elected to continue with the carrying value of all its intangible assets recognised as at April 01, 2016, measured as per previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Intangible assets such as Softwares, Design & Devlopement, Patents etc. are amortized based upon their estimated useful lives of 5-6 years.

j Lease Accounting

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

In respect of assets taken on operating lease, lease rentals are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term unless

(i) another systematic basis is more representative of the time pattern in which the benefit is derived from the leased asset; or

(ii) the payments to the lessor are structured to increase in the line with expected general infiation to compensate for the lessor's expected infiationary cost increases

Leasehold land with perpetual right has been included in property plant & equipment.

k Inventories

Inventories are valued as follows:-

Raw materials, stores, spares, other materials and traded goods	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on first in first out basis.
Finished goods and Work-in- progress (own manufactured)	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.
Work in Progress (Long Term Contracts)	Work in Progress i.e. jobs under execution (including materials supplied to clients under the contract) to the extent of work done but not billed is valued at the lower of actual cost incurred upto the completion on reporting date and net realizable value. Cost includes direct materials, labour and proportionate overheads.
Scrap	Net Realizable Value

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

Provision for obsolete/old inventories is made, wherever required, as per the consistently followed system.

l Financial Instruments

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

(i) Financial Assets

Initial recognition and measurement:

The Company recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

a. The Company's business model for managing the financial asset and

b. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

a. Financial assets measured at amortized cost

b. Financial assets measured at fair value through other comprehensive income (FVTOCI)

c. Financial assets measured at fair value through profit or loss (FVTPL)

A. Financial assets measured at amortized cost

A financial asset is measured at the amortized cost if both the following conditions are met:

(i) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash rows, and

(ii) The contractual terms of the financial asset give rise on specified dates to cash fiows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to certain investments in debt instruments (Refer Note 37 for further details). Such financial assets are subsequently measured at amortized cost using the EIR method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

B. Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

(i) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and

(ii) 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.

This category applies to certain investments in equity instruments (Refer Note 37 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income and impairment losses and its reversals in the Statement of Profit and Loss.

Further, the Company, through an irrevocable election at initial recognition, has measured certain investments in equity instruments at FVTOCI (Refer Note 37 for further details). The Company has made such election on an instrument by instrument basis. These equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI. However, the Company recognizes dividend income from such instruments in the Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from the equity to Statement of Profit and Loss. However, the Company may transfer such cumulative gain or loss into retained earnings within equity.

C. Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company (Refer Note 37 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Company's Balance Sheet) when any of the following occurs:

(i) The contractual rights to cash flows from the financial asset expires;

(ii) The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;

(iii) The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);

(iv) The Company neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset.

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On Derecognition of a financial asset, (except as mentioned in ii above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

Impairment of Financial Assets:

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

(i) Trade receivables

(ii) Financial assets measured at amortized cost (other than trade receivables)

(iii) Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets (listed as ii and iii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

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

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

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss under the head 'Other expenses'.

Financial Liabilities

Initial recognition and measurement:

The Company recognises a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. 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 (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognised as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

Subsequent measurement:

All financial liabilities of the Company are subsequently measured at amortised cost using the effective interest method.

Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortisation using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortised cost at each reporting date. The corresponding effect of the amortisation under effective interest method is recognised as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the Statement of Profit and Loss.

m Impairment

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Assets that are subject to depreciation and amortization are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the cost of disposal.

Impairment losses, if any, are recognised in the Statement of Profit and Loss and included in depreciation and amortisation expense. Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

n Income Tax

Income Tax comprises current and deferred tax and is recognised in Statement of Profit and Loss except to the extent that it relates to an item recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or in equity as the case may be.

(i) Current Tax

Current tax comprises the expected tax payable on the taxable income for the year and any adjustments to the tax payable in respect of previous years. It is measured using tax rates and tax laws enacted or substantively enacted by the reporting date.

(ii) Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax asset is also recognised in respect of carried forward tax losses and unused tax credits.

Deferred Tax assets are recognised to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences, carried forward tax losses and unused tax credits.

Deferred Tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax laws that have been enacted or substantively enacted by the reporting date.

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

o Revenue Recognition

The Company recognises revenue when it is probable that future economic benefits will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

The following specific recognition criteria must also be met for main revenue streams of the company for its recognition :

(i) Sale of Goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and includes excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

(ii) ***Sale of Contract Jobs***

Revenue on long term contracts is recognized on the basis of percentage of completion method which is based on specified milestone or in proportionate to the work completed against each contract which are fixed price contract. Provisions are made for the entire loss on a contract irrespective of the amount of work done. Claims on account of price variation receivable / payable from / to the customers are accounted for on the basis of contractual terms. Final adjustments towards estimated claims for extra work are made in the year of settlement.

(iii) ***Income from Services***

Revenues from maintenance contracts are recognized pro-rata over the period of the contract as and when services are rendered.

(iv) ***Interest***

Revenue is recognized using effective interest method.

(v) ***Dividend***

Revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date.

(vi) ***Royalties***

Revenue is recognized on an accrual basis in accordance with the terms of the relevant agreement.

(vii) ***Income Distributed by Venture Capital Fund***

Revenue received from Investments made in Venture Capital Funds is recognized on actual receipt basis and are shown in respective heads of Income in Statement of Profit and Loss.

p Employee Benefits

(i) ***Short-term employee benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and expensed as the relative service is provided. A liability is recognised for the amount expected to be paid e.g. towards bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(ii) ***Defined contribution plan***

Provident Fund, a defined contribution plan, is a post employment benefit plan under which the Company pays contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The Company recognises the contributions payable towards the provident fund as an expense in the Statement of Profit and Loss in the periods during which the related services are rendered by employees.

(iii) ***Defined benefit plan***

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The Company has funded Gratuity liability towards this which is provided on the basis of actuarial valuation made by an external valuer at the end of each financial year using the projected unit credit method and is contributed to the Gratuity Fund formed by the company.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling (if any, excluding interest) are immediately recognised in the balance sheet with corresponding debit or credit to Other Equity through OCI. Remeasurements are not classified to profit or loss in subsequent periods.

Net interest and changes in the present value of defined benefit obligation resulting from plan amendments or curtailments are recognised in profit or loss.

(iv) ***Other long term employee benefits***

The liabilities for earned leave are measured and provided on the basis of actuarial valuation made by an external valuer at the end of each financial year using the projected unit credit method. Remeasurement gains or losses are recognised in Statement of Profit and Loss in the period in which they arise.

q Borrowing Costs

Borrowing costs consists of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs attributable to the acquisition or construction of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset. Income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowings costs eligible for capitalisation. All other borrowing costs are expensed in the period in which they are incurred. Transaction costs in respect of long-term borrowings are amortised over the tenor of respective loans using effective interest method. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

r Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss before OCI for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the post tax effect of finance costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the issue of all dilutive potential equity shares.

s Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short term deposits with remaining maturity of 12 months or less, which are subject to an insignificant risk of change in value.

t Cash Dividend to Equity Shareholders

The Company recognises a liability to make distribution of cash dividend to equity shareholders of the Company when the distribution is approved by the shareholders. A corresponding amount is recognised directly in equity.

u. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of time value of money is material, provisions are measured at present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to liability. The increase in the provision due to passage of time is recognised as interest expense.

v. Segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM).

Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing strategic business unit/units that/those offer/offers different products and serve/serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Inter Segment Transfer:

The Company generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

Unallocated items includes general corporate income and expense items which are not allocated to any business segment.

w Events after Reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

40 OTHER NOTES ON ACCOUNTS

40.1 COMMITMENTS & CONTINGENT LIABILITIES :-

	2018-19	2017-18
(a) Contingent liabilities not provided for in respect of :		
Claims against the Company not acknowledged as debts, are as given below :		
(i) Excise Duty & Service Tax	**6.99**	**6.99**
(ii) Sales Tax / VAT / Work Contract Tax etc.	**25.72**	**25.72**
Provision of Rs. 25 lakh (Previous year Rs. 25 lakh) made in an earlier year is being carried forward under the head "Provision for contingencies."		
(iii) Cess & Others	**0.60**	**0.60**

	2018-19	2017-18
(b) Other Claims :		
Other claims against the Company not acknowledged as debts, are as given below :**		
Labour Cases	**2.00*** **	**2.00*** **
Demands raised by Provident Fund / Employee State Insurance department	**1.55*** **	**1.55*** **
Other Claims	**26.40*** **	**26.40*** **

** The Management feels that the Company has a good chance of success in above mentioned cases hence no provision there against is considered necessary.

*** In view of large number of cases pending at various Forums / Courts, it is not practicable to give the details of each case. List also includes certain labour matters for which amount of liability is not ascertainable at this stage.

40.2 SEGMENT INFORMATION

(a) Business Segments:

As of 31st March, 2019, there are two business segments i.e. Electrical Equipments for Power Transmission and Distribution (comprising of Transformer and Switchgear) and Elevator. A description of the types of products and services provided by each reportable segment is as follows:

Electrical Equipments for Power Transmission and Distribution – the Company deals in manufactures and supplies power and distributes transformers and switchgear.

Elevator Division manufactures equipments/ components of elevators for execution of jobs for erection and installation and also for supplies to other parties in the market.

(b) Geographical Segments:

Since the Company does not exports and operates in the domestic market which is governed by the same risks and returns, no geographical information is provided.

(c) Primary segment information (by Business segments)

The following table presents revenue and profit information regarding business segments for the years ended March 31, 2019 and March 31, 2018 and certain assets and liability information regarding business segments at March 31, 2019 and March 31, 2018.

(d) Segment Information Disclosure: (₹ in lakh)

Particulars	**Electrical Equipment for Power Transmission and Distribution**		**Elevator**		**Total**	
	2018-19	**2017-18**	**2018-19**	**2017-18**	**2018-19**	**2017-18**
Revenue						
Revenue form operation	18,167.88	20,039.06	7,103.50	6,540.08	25,271.38	26,579.13
Other Income	288.22	208.63	36.05	59.43	324.27	268.06
Total income	**18,456.10**	**20,247.68**	**7,139.55**	**6,599.51**	**25,595.66**	**26,847.19**
Results **Segment results Profit/(Loss)**	775.28	1,019.34	(847.34)	(312.66)	(72.06)	706.68
-						
Finance Cost					(528.81)	(3,290.04)
Unallocated Corporate Income (Net)					943.50	7,673.99
Exceptional Income/(Expense)					(880.95)	1,169.44
Profit before Tax					**(538.32)**	**6,260.07**
Tax Expense					(451.72)	631.93
Net Profit					**(86.60)**	**5,628.14**

Particulars	Electrical Equipment for Power Transmission and Distribution		Elevator		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Other Information						
Segment Assets	12,234.60	11,261.08	5,637.06	4,752.40	17,871.66	16,013.48
Unallocated Corporate Assets					28,638.57	28,210.70
Total Assets					**46,510.23**	**44,224.18**
-						
Segment Liabilities	9,614.43	9,925.13	5,231.84	3,788.37	14,846.27	13,713.50
Unallocated Corporate Liabilities					5,051.31	3,047.72
Total Liabilities					**19,897.58**	**16,761.23**
-						
Capital Expenditure	26.43	34.23	10.38	27.19	36.81	61.42
Corporate Office Capital Expenditure					50.40	20.08
Total Capital Expenditure					**87.21**	**81.50**
-						
Depreciation & Amortisation	108.44	114.76	49.16	53.06	157.60	167.82
Unallocated Depreciation	-	-	-	-	11.78	9.47
Total Depreciation					**169.38**	**177.29**
Other Non Cash Expenses						
Provision for Doubtful Debts	-	-	192.58	202.60	192.58	202.60
Provision for Impairment of Assets	-	-	-	-	-	-

40.3 Basic and diluted earning per share (₹ in lakh)

		2018-19	2017-18
Profit/(Loss) for the year	₹ in lakh	**(86.60)**	5,628.14
Equity Shares Outstanding at the beginning of the year	Numbers	**7,288,645**	7,288,645
Equity Shares Outstanding at the year end	Numbers	**7,288,645**	7,288,645
Weighted Average Number of equity shares	Numbers	**7,288,645**	**7,288,645**
Earnings Per Share	(₹)	**(1.19)**	77.22

40.4 DISCLOSURE UNDER INDIAN ACCOUNTING STANDARD - 19 (EMPLOYEES' BENEFIT)

The Company has a defined benefit gratuity plan and leave encashment plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service and every employee who discontinues his services to the company gets leave encashment (last drawn salary).

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the plan (based on Actuarial Valuation) : -

(₹ in lakh)

	Particulars	Gratuity		Leave	
		2018-19	2017-18	2018-19	2017-18
(a)	**Statement of Profit and Loss:**				
	Net employee benefit expense (recognised in Employee Cost)				
	Current service cost	55.86	51.93	51.64	53.39
	Interest cost on benefit obligation	33.93	28.30	18.22	15.23
	Expected return on Plan Assets	(35.82)	(32.11)	-	-
	Net actuarial(gain) / loss recognised in the year	-	-	(46.71)	(19.46)
	Net benefit expense	**53.97**	48.12	**23.15**	49.16
(b)	**Balance Sheet:**				
	Defined benefit obligation	(517.47)	(453.05)	(256.17)	(243.41)
	Fair value of plan assets	501.79	468.17	-	-
	Net Liability arising from defined benefit obligation	**(15.68)**	15.12	**(256.17)**	(243.41)
(c)	**Changes in the present value of the defined benefit obligation are as follows:**				
	Opening defined benefit obligation	453.05	398.14	243.41	212.54
	Interest cost	33.93	28.30	18.22	15.25
	Current service cost	55.86	51.93	51.64	53.39
	Acturial (gains)/losses arising from experience variance	2.99	(27.17)	-	-
	Acturial (gains)/losses arising from change in financial assumption	(9.38)	43.52	-	-
	Benefits paid	(18.98)	(41.67)	(10.40)	(18.30)
	Actuarial (gains) / losses on obligation	-	-	(46.71)	(19.46)
	Closing defined benefit obligation	**517.47**	453.05	**256.16**	243.41
(d)	**Changes in the fair value of plan assets are as follows:**				
	Opening fair value of plan assets	468.17	423.18	-	-
	Expected return on plan assets	35.82	32.11	-	-
	Contributions by employer	0.00	10.00	-	-
	Withdraw	-	-	-	-
	Remeasurement Gain/(Loss) on return plan assets	(2.20)	2.88	-	-
	Closing fair value of plan assets	**501.79**	468.17	**-**	-
(e)	**Other Comprehensive Income are as follows:**				
	Return on plan assets(excluding amounts included in net interest Expense	(2.20)	2.88	-	-
	Acturial (gains)/losses arising from experience adjustment	2.99	(27.17)	-	-
	Acturial (gains)/losses arising from change in financial assumption	(9.38)	43.52	-	-
		(4.19)	13.48	**-**	-

(f) **The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**

	2018-19	2017-18
	%	%
Investments with insurer	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

(g) **The Principal assumptions used in determining gratuity obligations for the Company's plans are shown below:**

Attrition Rate	**10.00%**	5.00%
Imputed Rate of Interest(D)	**7.65%**	7.65%
Imputed Rate of Interest(IC)	**7.65%**	7.50%
Salary Rise	**8.00%**	8.00%
Return on Plan Assets	**7.65%**	7.50%
Remaining Working Life	**21.57**	20.86
Mortality Rate(Table)	**IAL 2012-14 Ultimate**	IAL 2006-08 Ultimate

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Principal assumptions used in determining leave obligations for the Company's plans are shown below:

Attrition Rate	**10.00%**	5.00%
Imputed Rate of Interest(D)	**7.65%**	7.65%
Imputed Rate of Interest(IC)	**7.65%**	7.50%
Salary Rise	**8.00%**	8.00%
Return on Plan Assets	**N.A**	N.A
Remaining Working Life	**21.57**	20.86
Mortality Rate(Table)	**IAL 2012-14 Ultimate**	IAL 2006-08 Ultimate

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(h) **Disclosure**

The amounts for the Non-Current and Current in respect of gratuity and Leave are as follows (₹ in Lakh)

	Gratuity		Leave	
	2018-19	**2017-18**	**2018-19**	**2017-18**
Current Portion of defined benefit obligation	166.60	120.02	143.44	130.57
Non-Current Portion of defined benefit obligation	350.87	333.03	112.73	112.84

(i) **The Impact of sensitivity analysis on defined benefit plan is given below:-** (₹ in Lakh)

Particulars	**2018-19**	**2017-18**	**2018-19**	**2017-18**
Attrition rate increase by 1%	(1.59)	(1.85)	(0.13)	(0.26)
Attrition rate decrease by 1%	1.66	1.76	0.15	0.27
Salary growth rate increase by 1%	22.71	27.36	7.00	10.60
Salary growth rate decrease by 1%	(20.93)	(24.55)	(6.40)	(9.38)
Imputed rate of return rate increase by 1%	(20.81)	(24.41)	(6.36)	(9.32)
Imputed rate of return rate decrease by 1%	23.01	27.73	7.09	10.74

40.5 The Company had made claims against Uttar Haryana Bijli Vitran Nigam Limited (UHBVN) for refund of liquidated damages deducted by the Electricity Board as well as interest on delayed payment of bills/due instalments by the Electricity Board. The arbitrator, appointed by the chairman, UHBVN, had given award in favour of the Company which was subsequently confirmed by the Additional Distt. Judge, Panchkula (Haryana). The Electricity Board has, however, filed an appeal with the Hon'ble High Court, Punjab & Haryana. While admitting the appeal, the Hon'ble High Court passed an interim order dated 25.08.2009, directing the Electricity Board to pay to the company a sum of Rs. 608.08 lakh against bank guarantee of the same amount as security to the Electricity Board. The Electricity Board has made payment against bank guarantee given to them as security. As the matter is still sub-judice, the amount is lying in Other Current Liabilities.

40.6 During the F.Y 2016-17, a suit in the court of Civil Judge (Sr. Div.) Sealdah, West Bengal for recovery of possession of land and structure thereon which was taken on rent by the company was filed by the Lessor on expiration of lease by efflux of time. The court order was passed to hand over the possession of the suit property and the company to pay mesne profit and occupational charges till hand over of the possession to the lessor. In the year 2014, the property was handed over to the lessor by the company. The matter went upto High Court at Calcutta and is still pending in the Civil court. A sum of Rs. 881.33 lakh has been provided in books of account towards such charges.

40.7 During the F.Y 2016-17, the company on the order passed by Hon'ble High Court of Judicature at Hyderabad has provided Rs. 266.11 lakh. The amount was charged towards any unexpected outcome of the challenge testing ordered by the Court to be conducted at Central Power Research Institute to establish that the transformers which were supplied to The Southern Power Distribution Company of Telangana Limited were within technical parameters as mentioned in the purchase order.

40.8 During the F.Y 2016-17, in terms of SEBI (Delisting of Equity Shares) Regulations, 2009, an exit opportunity to the public shareholders was offered by the Promoters and also to delist the company from National Stock Exchange of India Ltd. (NSE). The shareholding of promoter group has been reached to 90.23% of the total paid-up equity share capital of the company. The final application filed with NSE for delisting has been approved and the company has been delisted w.e.f 17th May 2019.

40.9 Related Party Disclosure :

Related party Disclosure as identified by the management in accordance with the Indian Accounting Standard -24 issued under Section 133 of the Companies Act, 2013.

I. Names of Related Parties

A Key Management Personnel

Mr. Prakash Kumar Mohta — Chairman & Managing Director

B Enterprises over which any person described in [A] above is able to exercise significant influence and with whom the company has transaction during the year - NIL

II. Transactions with Key Management Personnel are as under: (₹ in lakh)

	2018-19	2017-18
Nature of Transactions		
Salary/Perquisites	**215.75***	200.10*
Provident/Superannuation Fund	**25.89**	21.78
Dividend Paid during the year	**38.10**	38.10

* Excluding Gratuity and Leave Encashment provision on actuarial basis.

41 Previous year figures has been reclassified/regrouped to confirm current year figures.

As per our Report of even date attached.

For VSD & Associates
Chartered Accountants
Firm Reg. No. 008726N
(Vinod Sahni)
Partner
Membership No. 086666
Place : New Delhi
Date : 10th June 2019

For and on behalf of Board of Directors

(Prakash Kumar Mohta)	**(Shiban Ganju)**	**(Rajat Sharma)**	**(Piyush Agarwal)**
Managing Director	Director	President & CFO	Company Secretary
DIN : 00191299	DIN : 03434994		

KUMAR METALS PRIVATE LIMITED
CIN - U36911WB1973PTC028719
UN-AUDITED BALANCE SHEET AS AT 15TH DECEMBER, 2019

PARTICULARS	NOTE NO.	AS AT 15th DEC, 2019 (Rs.)
EQUITY AND LIABILITIES		
1. Shareholder's Funds		
(a) Share Capital	2	100,000
(b) Reserves and Surplus	3	8,479,947
		8,579,947
2. Non-Current Liabilities		
Long-Term Provisions	4	84,375
		84,375
3. Current Liabilities		
(a) Short-Term Borrowings	5	16,070,000
(b) Trade Payables	6	
(i) Total Outstanding due to Micro and small enterprises		-
(ii) Total Outstanding due to creditors other than Micro and small enterprises		3,755,842
(c) Other Current Liabilities	7	3,431,415
(d) Short-Term Provisions	4	2,641
		23,259,898
TOTAL		**31,924,220**
ASSETS		
1. Non-Current Assets		
(a) Property, Plant and Equipment		
(i) Tangible Assets	8	3,854,549
(ii) Intangible Assets	8	644
(b) Non Current Investments	9	13,196
(c) Deferred Tax Assets (Net)	10	76,758
(d) Long Term Loans and Advances	11	149,385
		4,094,532
2. Current Assets		
(a) Inventories	12	1,399,670
(b) Trade Receivables	13	21,586,755
(c) Cash and Bank Balances	14	4,623,987
(d) Short Term Loans and Advances	11	195,969
(e) Other Current Assets	15	23,307
		27,829,688
TOTAL		**31,924,220**

Place : Kolkata
Dated : 24.12.2019

(Basant Kumar Daga)
Director
DIN : 00922769

(Gokul Chand Damani)
Director
DIN : 00191101

KUMAR METALS PRIVATE LIMITED
CIN - U36911WB1973PTC028719
UN-AUDITED STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED ON 15TH DECEMBER, 2019

PARTICULARS	NOTE NO.	1ST APRIL, 2018 TO 15TH DECEMBER, 2019 (Rs.)
INCOME:		
Revenue from Operations	16	52,739,038
Other Income	17	454,558
Total Income		**53,193,596**
EXPENSES:		
Purchase of Trading Goods		11,912,800
Cost of Materials Consumed	18	32,329,491
Changes in Inventories of Finished Goods	19	21,520
Employees Benefit Expenses	20	3,609,538
Finance Costs	21	349,214
Depreciation & Amortisation	8	207,964
Other Expenses	22	4,346,788
Total Expenses		**52,777,315**
Profit before Tax		**416,281**
Tax Expense:		
Current Tax		-
Provision for Tax relating to earlier years		-
Deferred Tax		-
Profit After Tax		**416,281**
Earnings per equity share (Nominal Value of Rs. 100/- each)		
Basic / Diluted		416.28

Place : Kolkata
Dated : 24.12.2019

(Basant Kumar Daga)
Director
DIN : 00922769

(Gokul Chand Damani)
Director
DIN : 00191101

	As at 15th Dec, 2019 (Rs.)

2 SHARE CAPITAL

Authorised

5,000 (Previous Year: 5,000) Equity Shares of Rs. 100/- each	500,000
	500,000

Issued, Subscribed & Paid up

1,000 (Previous Year: 1,000) Equity Shares of Rs. 100/- each fully paid up	100,000
	100,000

a) Reconciliation of Shares outstanding at the beginning and at the end of year

	As at 15th Dec, 2019		As at 31st March, 2019
	Number	**Amount**	**Number**
Shares outstanding at the beginning of the year	1,000	100,000	1,000
Add: Issued During the year	-	-	-
Balance at the end of the year	**1,000**	**100,000**	**1,000**

b) The company has one class of issued shares, i.e. equity shares having par value of Rs. 100 per share. Each holder of ordinary shares is entitled to one vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding.

c) The Company does not have any Holding Company/ultimate Holding Company.

d) Details of Shareholders holding more than 5% shares in the company, with number of shares held.

Name of Shareholder	As at 15th Dec, 2019		As at 31st March, 2019
	Number	**Percentage**	**Number**
1) Jayantika Jatia	395	39.50	395
2) Prakash Kumar Mohta	305	30.50	305
3) Prakash Kumar Mohta (HUF)	300	30.00	300

e) No Ordinary Shares have been reserved for issue under options and contracts/commitments for the sale of shares/ disinvestment as at the Balance Sheet date.

f) No shares have been allotted as fully paid up pursuant to contract(s) without payment being received in cash or by way of Bonus shares or has been bought back by the company during the period of five years preceeding the date as at which the Balance Sheet is prepared.

g) No Securities convertible into Equity/Preference shares, have been issued by the Company during the year.

h) No calls are unpaid by any Director or Officer of the Company during the year.

		As at 15th Dec, 2019 (Rs.)
3	**RESERVES & SURPLUS**	
	a) General Reserve	
	As per last Financial Statements	239,000
		239,000
	b) Revaluation Reserve	
	Revalued during the year	2,650,965
	c) Surplus	2,650,965
	As per last Financial Statements	5,173,701
	Add: Surplus from Statement of Profit & Loss A/c	416,281
	Net Surplus	5,589,982
		8,479,947

		Long Term		Short Term
		As at 15th Dec, 2019 (Rs.)	As at 31st March, 2019 (Rs.)	As at 15th Dec, 2019 (Rs.)
4	**PROVISIONS**			
	Provision for Employees Benefits			
	Gratuity	84,375	84,375	-
	Leave Salary	-	-	2,641
	Others			
	Provision for Income Tax (Net of Advance tax & TDS for 2018-19)	-	-	-
		84,375	**84,375**	**2,641**

		As at 15th Dec, 2019 (Rs.)
5	**SHORT TERM BORROWINGS**	
	Loans & Advances from Related Parties (Unsecured)	
	Loan From Bodies Corporate*	16,070,000
		16,070,000

* Loans from bodies Corporate are repayable on Demand

Name of the Party	Rate of Interest	As at 15th Dec, 2019 (Rs.)
M/s Mudrika Goods Pvt. Ltd.	9%	1,575,000
M/s Diplomat Ltd.	9%	14,495,000
		16,070,000

		As at 15th Dec, 2019 (Rs.)
6	**TRADE PAYABLES**	
	For Goods & Supplies	
	Due to Micro and Small Enterprises*	-
	Due to Others	3,755,842
		3,755,842

*There are no outstanding dues to suppliers/service providers covered under Micro and Medium Enterprises Development Act, 2006 (MSMED) other than the disclosure being made. The disclosures as required under the said Act is as follows:

Particulars	**Amount 15.12.2019**	**Amount 31.03.2019**
a) Principal amount due to supplier under MSMED	-	-
b) Interest due to supplier on above	-	-
c) Any Payment made to supplier beyond appointed date (u/s 16 of the Act)	-	-
d) Interest due and payable to suppliers under MSMED	-	-
e) Interest accrued and remaining unpaid as at 31st March, 2018	-	-
f) Interest remaining due and payable under Section 23 of the Act	-	-

		As at 15th Dec, 2019 (Rs.)
7	**OTHER CURRENT LIABILITIES**	
	Interest accrued and due on borrowings	1,987,196
	Employee Related Liabilities	22,350
	Statutory Dues Payable	642,360
	Advance from Customer	40,000
	Unpaid Liabilities	739,509
	Other Payables	-
		3,431,415

9 **Non Current Investments**

Non Trade Investments (Valued at Cost unless stated otherwise)

Name of the Company	Paid up Value Rs.	As at December 15, 2019 No.of Shares	Book Value Rs.
Investment in Equity Instruments (Quoted Fully paid up)			
(Valued at Cost less provision for other than temporary diminution in the value of investment)			
Universal Prime Aluminium Limited (Bonus Shares)	10	40150	-
Unique Manufacturing & Marketing Limited *	10	3200	10,452
Pee Bee Steel Industries Limited *	10	200	428
Universal Enterprises Limited *	10	10000	100,000
Reliance Capital Limited	10	1	50
			110,930
Less: Provision for Diminution in the value of investment			99,999
Sub Total (A)			**10,931**
Investment in Equity Instruments (Unquoted Fully paid up)			
Banashankari Co-operative Housing Society Limited	50	5	250
Gallant Sales Pvt Ltd	10	100	1,008
Gangadham Merchandise Pvt Ltd	10	100	1,007
Sub Total (B)			**2,265**
Total (A+B)			**13,196**
Total Non-Current Investments			**13,196**
Aggregate Book Value of Quoted Non-Current Investments			110,930
Aggregate Book Value of Unquoted Non-Current Investments			2,265
			113,195
Aggregate Market Value of Quoted Non-Current Investments			**150,767**
Aggregate provision made for dimunition in value of Non-Current Investments			**99,999**

		As at 15th Dec, 2019 (Rs.)
10	**DEFERRED TAX ASSETS (NET)**	
	Deferred Tax Asset comprising of timing difference on account of difference of closing WDV of fixed assets.	54,134
	Deferred Tax Assets comprising of timing difference on account of others	22,624
	Deferred Tax Assets (Net) as at Balance Sheet date	**76,758**

		Long Term		Short Term
		As at 15th Dec, 2019 (Rs.)	As at 31st March, 2019 (Rs.)	As at 15th Dec, 2019 (Rs.)
11	**LOANS & ADVANCES**			
	Security Deposits			
	(Unsecured, considered good)	149,385	146,875	-
	Other Deposits	-	25,000	-
	(Unsecured, considered good)			
	Other Loans and Advances			
	(Unsecured, considered good)			
	Prepaid Expenses	-	-	46,315
	Advance to Employees	-	-	24,500
	Balances with Government & Statutory Authorities	-	-	-
	Advance Tax net of Provision	-	-	50,788
	Advance Against purchase	-	-	-
	Advance Against expenses			74,366
		149,385	**171,875**	**195,969**

		As at 15th Dec, 2019 (Rs.)
12	**INVENTORIES**	
	(As taken, valued and certified by the management)(At cost)	
	Raw Materials	899,848
	Finished Goods	433,849
	Fuel & Lubricants	24,954
	Packing Material	41,019
	Stores & spares	-
		1,399,670
13	**TRADE RECEIVABLES**	
	(Unsecured, Considered good)	
	Outstanding for a period exceeding six months	285,843
	Other Receivables	21,300,912
		21,586,755
14	**CASH AND BANK BALANCES**	
	Balances with Banks (with Schedule Banks)	
	- In Current Account	4,605,524
	Cash on Hand (As Certified by Management)	18,463
		4,623,987
15	**OTHER CURRENT ASSETS**	
	Interest Receivable	23,307
		23,307

		1ST APRIL, 2018 TO 15TH DECEMBER, 2019 (Rs.)
16	**REVENUE FROM OPERATIONS**	
	Sale of Products	
	Finished Goods	40,632,234
	Trading Goods	12,094,330
	Other Operating Revenues	
	Miscellaneous Sales	12,474
		52,739,038
	Details of Sales	
	Finished Goods	
	Gum Powder	40,632,234
	Zinc Ingot	12,094,330
		52,726,564
17	**OTHER INCOME**	
	Interest income	91,023
	Rent	356,000
	Profit on sale of assets	1,484
	Liabilities no longer required written back	-
	Sundry Balance W/Off	6,051
		454,558
18	**COST OF MATERIAL CONSUMED**	
	Opening Stock	1,807,123
	Add: Purchase	31,422,216
		33,229,339
	Less: Closing Stock	899,848
		32,329,491
	Details of Raw Material Consumed	
	Starch	-
	Chemical	-
	Borax Granual	-
		-

		1ST APRIL, 2018 TO 15TH DECEMBER, 2019 (Rs.)
19	**CHANGE IN INVENTORIES OF FINISHED GOODS**	
	Inventories at the end of the year	
	Finished Goods	433,849
	Trading Goods	-
		433,849
	Inventories at the beginning of the year	
	Finished Goods	455,369
	Less: (Increase)/Decrease of excise duty on Inventory	
		455,369
		21,520
20	**EMPLOYEE BENEFIT EXPENSES**	
	Salary & Wages	3,229,554
	Contribution to PF & Other Funds	311,828
	Staff Welfare Expenses	68,156
		3,609,538
21	**FINANCE COST**	
	Interest on Loan	341,544
	Other Charges	7,670
		349,214
22	**OTHER EXPENSES**	
	Consumption of Stores and Spares	407,721
	Power and Fuel	1,278,063
	Repairs to Buildings	21,716
	Repairs to Machinery	51,381
	Repairs to Other Assets	107,908
	Rent	217,648
	Rates and Taxes	10,865
	Auditors' Remuneration	
	As Audit Fees	19,475
	As Tax Audit Fees	3,542
	Other Services	-
	For Reimbursement of expenses	10,474
	Insurance	36,413
	Freight & Forwarding	1,488,291
	Legal and Professional Services	59,101
	Prior Period Expenses	-
	Loss on sale of fixed assets	-
	Miscellaneous Expenses	634,190
		4,346,788

ECE INDUSTRIES LIMITED
CIN: U31500DL1945PLC008279
Balance Sheet as at 15th December, 2019

(₹ in lakh)

Particulars	Note No.	As at December 15, 2019
I. ASSETS		
(1) Non-Current assets		
(a) Property, Plant and Equipment	1A	1,440.82
(b) Other Intangible assets	1B	539.64
(c) Intangible Assets under development		30.24
(d) Financial Assets		
(i) Investments	2	24,375.26
(ii) Loans	3	73.20
(iii) Other Financial Assets	4	5,082.16
(e) Deferred Tax Assets (Net)	5	501.40
(f) Other Non-Current Assets	6	95.32
(2) Current assets		
(a) Inventories	7	6,509.78
(b) Financial Assets		
(i) Investments	2	-
(ii) Trade Receivables	8	10,331.55
(iii) Cash and Cash Equivalents	9A	227.37
(iv) Bank Balances other than (iii) above	9B	4.60
(v) Loans	10	84.17
(vi) Other Financial Assets	11	594.13
(c) Current Tax Assets	12	970.55
(d) Other Current Assets	13	889.84
Total Assets		**51,750.05**
II. EQUITY AND LIABILITIES		
(1) Equity		
(a) Equity Share Capital	14	729.03
(b) Other Equity	15	25,480.03
Head Office Balance including P&L		(0.00)
(2) Liabilities		
(A) Non-Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	16	31.12
(ii) Others	17	26.55
(b) Provisions	18	221.01
(c) Deferred Tax Liabilities (Net)	19	-
(d) Other Non-Current Liabilities	20	-
(B) Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	21	9,022.43
(ii) Trade Payables	22	8,021.14
(iii) Other Financial Liabilities	23	1,726.24
(b) Other Current Liabilities	24	6,123.47
(c) Provisions	25	369.03
(d) Current Tax Liabilities(Net)	26	-
Total Liabilities		**51,750.05**

The Notes referred to above from an integral part of Balance Sheet.

For and on behalf of Board of Directors **For ECE Industries Ltd.**

Sd/-
(Prakash Kumar Mohta)
Managing Director
Din: 00191299

Sd/-
(Rajat Sharma)
Chief Financial Officer

Date : 24th December, 2019
Place : New Delhi

ECE INDUSTRIES LIMITED
CIN: U31500DL1945PLC008279
Statement of Profit and Loss for the Period ended on 15th December, 2019

(₹ in lakh)

Particulars	Note No.	1st April, 2019 to 15th December, 2019
Inter-Unit Income		**-**
Inter-Unit Stock Transfer		**7.38**
		-
Income		-
Revenue from Operations	27	17,229.62
Other Income	28	1,661.14
Total Income		**18,890.76**
Expenses		
Cost of Materials Consumed		**14,728.37**
Purchases of Traded Goods		**-**
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	29	**(1,764.41)**
Excise duty	30	**-**
Employee Benefit Expense	31	**2,264.93**
Finance Costs	32	**456.62**
Depreciation and Amortization Expenses	33	**113.89**
Other Expenses	34	**2,945.72**
Interest Allocation		**-**
Inter-Unit Expenses		**-**
Inter-Unit Stock Transfer		**7.38**
Total Expenses		**18,745.12**
Profit / (Loss) before exceptional items and tax		**145.64**
(Less) / Add : Exceptional Items	35	**-**
Profit / (Loss) before tax		**145.64**
Tax expense/(income)		
(1) Current tax		**-**
(2) Current tax for earlier years		**-**
(3) MAT credit entitlement for earlier years		**-**
(4) MAT credit entitlement for current year		**-**
(5) Deferred tax Charge / (Credit)	5	**-**
Profit/(Loss) for the Year		**145.64**
Other Comprehensive Income(OCI)		
(i) Items that will not be reclassified to profit or Loss	36	(391.81)
(ii) Income -tax relating to items that will not be reclassifield to profit & Loss		-
Other Comprehensive Income for the year,net of tax		**(391.81)**
Total Comprehensive Income for the year		**(246.17)**

The Notes referred to above from an integral part of Balance Sheet.

For and on behalf of Board of Directors **For ECE Industries Ltd.**

Sd/-
(Prakash Kumar Mohta)
Managing Director
Din: 00191299

Sd/-
(Rajat Sharma)
Chief Financial Officer

Date : 24th December, 2019
Place : New Delhi

(₹ in lakh)

	Particulars	Face Value (₹)	As at December 15, 2019	
			Nos.	Amount
1	**Property, Plant & Equipment, Intangible Assets and Intangible Assets under development**			
	Tangible Assets	1A	1,440.82	
	Intangible Assets	1B	539.64	
	Intangible Assets under development		30.24	
			2,010.70	
2	**INVESTMENTS**			
	(A) Non Current Investment			
	(I) Investment at Amortised Cost			
	Equity Shares,Fully Paid (Unquoted)			
	Kesoram Textile Mills Ltd.(Refer Note 2.1)	2	2.26	4.52
	Kesoram Insurance Broking Service Ltd.	10	0.50	5.00
	Kumar Metals Pvt. Ltd.			155.00
	Total Investment at Cost(I)			**164.52**
	(II) Investment at Amortised Cost			
	Debendture/Bonds,Fully Paid(Unquoted)			
	IIFL PSU Bank Perpetual Debentures	1,00,000	-	-
	Sheth Buildwell Pvt Ltd NCDS	1,00,000	-	-
	Sambhavi Reality Pvt. Ltd NCDS(Refer Note 2.2)	1,00,000	0.0036	**160.92**
	Edelweiss Finvest Private Ltd NCDS	1,00,000	-	-
	Preference Share, Fully Paid(Unquoted)			
	IIFL Transportation Network Ltd.	10	25	500.00
	Total Investment at Amortised Cost(II)			**660.92**
	(III) Investment at Fair Value Through OCI			
	Equity Share,Fully Paid (Quoted)			
	Aditya Birla Nuvo Ltd. (Refer Note 2.3)	10	-	-
	Aditya Birla Capital Ltd.(Refer Note. 2.4)	10	4.72	473.35
	Aditya Birla fashion & Retail Ltd.(Refer Note 2.3)	10	6.20	-
	Ultratech Cement Ltd(Refer Note 2.5)	10	-	-
	Jayshree Tea & Industries Ltd.	5	4.46	211.88
	Grasim Industries Ltd. (Refer Note 2.3 & 2.6)	2	3.37	-
	Total Investment at Fair Value Through OCI (III)			**685.23**

(₹ in lakh)

Particulars	Face Value (₹)	As at December 15, 2019	
		Nos.	Amount
(IV) Investment at Fair Value Through PL			
Investment in Mutual Funds			
HDFC - FMP	10	-	-
Kotak - FMP(Refer Note 2.2)	10	-	-
Birla Sunlife-Cash Plus Fund	100	-	-
		-	
Investment in Venture Capital Fund/Alternative Fund(Refer 2.8)		-	
ICICI Venture Capital Fund Real Estate Scheme I (Refer Note 2.6)	10	156.55	866.01
Aditya Birla Sun Life Mutual Fund			505.74
IIFL Special Opp. Fund Series 4 (50 Crore)	10	251.36	4,212.01
IIFL Special Oppor. Fund Class A5	10	47.42	464.84
ICICI Prudential Real Estate AIF-1	100	9.89	904.83
ICICI Prudential Real Estate AIF-1I (Class A Units)			335.07
IIFL Income Oppor.Fund Spl.Situation (Peeramal)	10	404.35	1,780.14
IIFL Real Estate Fund (Domestic) Series-II	10	236.30	1,601.53
IIFL Income Opportunities Fund Series-II	10		402.13
IIFL Real Estate Fund (Domestic) Series-III	10	61.30	266.10
IIFL Re Organize India Eq Fund CAT-III AIF(Kotak)TF	10	12.46	184.08
IIFL Special Opportunities Fund CAT-II AIF (Pre-Ipo)	10	71.25	1,094.71
Indiareit Apartment Fund (Peeramal)	1,00,000	0.02	925.92
Indiareit Apartment Fund (Peeramal) - 5 Cr.		-	248.38
Sundaram Alt.Opport.Nano Cap CAT-III TF	1,00,000	0.00	164.01
India Realty Excelence Fund III Motilal	100	5.19	1,038.58
India Realty Excelence Fund IV Motilal			1,598.41
India Housing Fund	10		-
India Housing Fund Series 2			3,000.00
Investment In Non Convertible Debentures			
R.V. Investment Pvt. Ltd. Series A			1558.1025
Edelweiss Finvest Private Ltd NCDS	1,00,000	0.00025	33.88
Manipal Healthcare P. Ltd. Series A 15.75 NCD			1,680.11
Total Investment at Fair Value Through PL(IV)			**22,864.60**
Total Non Current Investment (A)			**24,375.26**
(B)Current Investment			
Investment at Fair Value Through PL			
Equity Share, Fully Paid (Quoted)			
Punjab National Bank	2	1.00	-
Bank of Baroda			
Total Current Investment(B)			**0.00**
Total Investment(A+B)			**24,375.26**

(₹ in lakh)

Particulars	Face Value (₹)	As at December 15, 2019	
		Nos.	Amount
		Non-Current	Current
Aggregate Book Value of Quoted Investment		685.23	
Aggregate Market Value of Quoted Investment		685.23	
Aggregate Value of Unquoted Investment		23,690.03	-

2.1 Received on account of transfer of textile division by Kesoram Industries Ltd. to Kesoram Textile Mills Ltd. during the year 1999-2000.

2.2 Lien is created on the said investments towards allocation of demand loan upto maximum limit of Rs 5000 Lakh by IIFL wealth finance Ltd. Refer No .21.3

2.3 During the year 2017-18, pursuant to the Scheme of Arrangement among Aditya Birla Nuvo Limited, Grasim Industries Limited and Aditya Birla Financial Services Limited, against :
i) 1,78,744 equity shares of Grasim Industries Limited were alloted against the 1,19,163 equity shares of Aditya Birla Nuvo Limited.
ii) 4,71,931 equity shares of Aditya Birla Capital Limited (formerly Aditya Birla Financial Services Limited) were alloted against the 3,37,094 equity shares of Grasim Industries Limited.

2.4 During the year 2015-16, under the scheme for the transfer/ vesting by way of demerger of the “Madura Undertaking” an undertaking of Aditya Birla Nuvo Limited (ABNL), on a going concern basis, to Aditya Birla Fashion and Retail Limited (ABFRL), 6,19,647 equity shares of ABFRL were allotted against 1,19,163 equity shares of Aditya Birla Nuvo Limited (ABNL). As such, cost of acquisition of equity shares to be issued by ABFRL for every one equity share held in ABNL is 0.87% of the total cost of acquisition of shares held in ABNL prior to the scheme.

2.5 Received pursuant to scheme of arrangement between Samruddhi Cements Ltd. and Ultratech Cements Ltd during the year 2010-2011.

2.6 Received pursuant to the scheme of arrangement between Grasim Industries Ltd. and Indian Rayon & Industries Ltd during the year 1999-2000.

2.7 Lien has been created on 1,00,00,000 units of the said investments in accordance with the terms of Bill Discounting Facility sanctioned by Aditya Birla Finance Limited referred to in Note No. 21.2

2.8 All the above funds have been valued on the basis of latest data available with the management.

3	**NON-CURRENT LOANS**	
	Security Deposits	73.20
		73.20

4	**OTHER NON-CURRENT FINANCIAL ASSETS**	
	Earnest Money Deposits	214.90
	Receivable against sale of Property,Plant & Equipment	4,867.26
		5,082.16

(₹ in lakh)

Particulars		Face Value (₹)	As at December 15, 2019	
			Nos.	Amount
5	**Deffered Tax Asset**			
	Deffered Tax Assets			
	Provision and Liabilities			450.27
	Prov for contingenices			
	Provision for warranty			-
	Doubt ful Advances			-
	Leave liability provision (43B)			-
	onerous contract loss			-
	Mat Credit Entitlement			156.29
	Gross Deferred Tax Asset			**606.56**
	Less Deferred Tax Liabilities			
	Timing Difference on Depreciable Assets			-
	Fair Value of Investment(net)			105.15
	Gross Deferred Tax Liability			**105.15**
	Net Deferred Tax Assets			**501.40**
6	**OTHER NON-CURRENT ASSETS**			
	Capital Advances			95.32
	Prepaid Expenses			-
				95.32
7	**INVENTORIES**			
	(Valued at Lower of Cost and Net Realisable Value)			
	Raw Materials			1,637.98
	Work in Progress			4,783.23
	Finished Goods			75.87
	Stock in Trade			-
	Stores and Spares			12.63
	Scrap at realizable value			0.08
				6,509.78
8	**TRADE RECEIVABLES**			
	Unsecured, Considered Good	8.1		10,331.55
	Trade receivables outstanding for a period exceeding six months from due date			
	Considered Good (unless otherwise stated)	10.1		3,306.28
	Considered Good	10.1		7,025.28
	Doubtful			186.64
	Less: Allowance for doubtful Receivables			(186.64)
				10,331.55

8.1 Balance with customers are subject to confirmations and reconciliations.

(₹ in lakh)

Particulars		Face Value (₹)	As at December 15, 2019	
			Nos.	Amount
9A	CASH AND CASH EQUIVALENTS			
	<u>Balances with banks:</u>			
	In Current Accounts			203.83
	In Cash Credit Accounts			-
	In Margin Money			21.00
	Cash in hand			2.54
				227.37
9B	BANK BALANCES OTHER THAN ABOVE			
	<u>Earmarked Balances</u>			
	In Unclaimed Dividend Accounts			4.60
				4.60
10	CURRENT LOANS			
	Loan to Staff			84.17
				84.17
11	OTHER CURRENT FINANCIAL ASSETS			
	Unbilled Revenue			86.66
	Deposit with Others			128.31
	Accrued Interest Receivable			236.80
	Balance with Excise & Custom Dept. & GST			-
	Other Receivables			142.37
				594.13
12	CURRENT TAX ASSETS			
	Income Tax Assets (Net)			970.55
				970.55
13	OTHER CURRENT ASSETS			
	Claims & Others Receivable			-
	Accrued Inrerest Receivable			-
	Advance to Suppliers			368.11
	Balance with Revenue Authorities			466.03
	Prepaid Expenses			15.70
	Others			39.99
				889.84

(₹ in lakh)

Particulars		Face Value (₹)	As at December 15, 2019 Nos.	Amount
14	**EQUITY SHARE CAPITAL**			
	(a) Authorised Share Capital			
	Equity Shares of ₹. 10 Each		14,500,000	1,450.00
	Redeemable Cumulative Preference Shares of ₹. 100/- each		50,000	50.00
			14,550,000	**1,500.00**
	Issued			
	Equity Shares of ₹. 10/- each fully paid-up		7,333,875	733.39
			7,333,875	**733.39**
	Subscribed and Paid - up			
	Equity Shares of ₹. 10/- each fully paid-up		7,288,645	**728.86**
	Add: Forfeited Shares (Amount originally Paid-up)			**0.17**
			7,288,645	**729.03**
15	**OTHER EQUITY**			
	Securities Premium Account			
	As per last Balance Sheet			2,150.19
	Less: Utilised in Buy Back of Equity Shares			-
		(A)		**2,150.19**
	Share Buy Back Reserve			
	As per last Balance Sheet			283.26
	Add: Reserves created on Buy Back of equity shares			-
		(B)		**283.26**
	General Reserve			
	As per last Balance Sheet			6,143.89
	Add: Transfer from Statement of retained earnings			-
		(C)		**6,143.89**
	Add : Net Gain (Loss) arising on financial assets			
	Add : Other Comprehensive Income			4,872.17
	Retained Earnings			
	Balance Brought Forward from Previous Year			12,980.84
	Add: Profit/(Loss) for the period			145.64
	Add: Transfer from Other Comprehensive Income			-
				13,126.48
	Less :			
	Acturial Loss on defined benefits Obligations(Net of Tax)			-
	Proposed Dividend			-
	Tax on Dividend			-
	Transfer to General Reserve			-
	Balance Carried to Next Year	(D)		**13,126.48**
	Other Comprehensive Income(OCI)			
	Balance Brought Forward from Previous Year			4,325.43
	Add: Movement in OCI(Net) during the year			(391.81)
	Less: Transfer to retained earnings			-
		(E)		**3,933.62**
	Total Other Equity (A+B+C+D+E)			**30,509.61**

(₹ in lakh)

Particulars		Face Value (₹)	As at December 15, 2019	
			Nos.	Amount
16	**NON-CURRENT BORROWINGS**			
	Term Loans (Secured)			
	- From Banks			
	HDFC Bank	16.1		**-**
	Bank of Baroda	16.2		**2.54**
	Vehicle loan from Yes Bank			**28.58**
	- From Other Parties			
	Toyota Financial Services India Limited	16.3		**-**
	Total Non-Current Borrowings			**31.12**

16.1 The loan is sanctioned for Rs. 8.04 lakh repayable in 36 equal monthly instalments and is secured by way of Hypothecation of the respective Vehicle.

16.2 The loan is sanctioned for Rs. 4.50 lakh repayable in 60 equal monthly instalments and is secured by way of Hypothecation of the respective Vehicle.

16.3 The loan is sanctioned for Rs. 16.80 lakh repayable in 36 equal monthly instalments and is secured by way of Hypothecation of the respective Vehicle.

17	**OTHER NON-CURRENT FINANCIAL LIABILITIES**			
	Security Deposits			26.55
				-
				26.55
18	**NON-CURRENT PROVISIONS**			
	Provision for Employee Benefits			126.26
	Provision for Warranty	25.1		94.76
	Total Non Current Provisions			**221.01**
19	**Deffered Tax Liabilities**			
	Deferred Tax Liabilities			
	Timing Difference on Depreciable Assets			-
	Fair Value of Investment(net)			-
	Gross Deferred Tax Liabilities			**-**
	Less: Deferred Tax Assets			
	Provision and Liabilities			-
	Prov for contingenices			
	Provision for warranty			
	Doubt ful Advances			
	Leave liability provision (43B)			
	onerous contract loss			
	Mat Credit Entitlement			-
	Gross Deferred Tax Asset			**-**
	Net Deferred Tax Liabilities			**-**

(₹ in lakh)

Particulars		Face Value (₹)	As at December 15, 2019	
			Nos.	Amount
20	**OTHER NON-CURRENT LIABILITIES**			
	Other Liabilities			-
	Total Other Non-Current Liabilities			**-**
21	**CURRENT BORROWINGS**			
	Secured Loans			
	Repayable on Demand			
	Cash Credit Facility from Banks	21.1		890.22
	Bill Discounting Facility from NBFC	21.2		2,024.43
	Loan against Securities from NBFC	21.3		-
				2,914.65
	Unsecured Loans			
	Repayable on Demand			
	Vehicle loan from Yes Bank			-
	Bill Discounting Facility from NBFC	21.2		6,107.78
				6,107.78
	Total			**9,022.43**

21.1 First Pari-Passu charge by way of hypothecation on all Current Assets of the company both present & future. Second Pari-Passu charge on Fixed Assets of the company as under :-

- Land & Building of Sonepat unit admeasuring 16.86 acres.
- Plant & Machinery of all units except Ghaziabad unit.
- Pari-Passu charge on other Fixed Assets of all units except Ghaziabad unit

21.2 The Company has entered into Bill Discounting Arrangement with Aditya Birla Finance Ltd. amounting to ₹2100 lakh against securities of Bank Guarantees and lien on units of ICICI Venture Capital Funds (refer Note No. 2.7)

21.3 The Company has taken corporte loan from IIFL Wealth Finance Ltd. amounting to ₹ 7500 lakh against securities & lien on units of Venture Capital Fund and Debentures (refer Note No. 2.2)

22	**TRADE PAYABLES**			
	Payables for goods and services	22.1 & 22.2		8,021.14
				8,021.14

22.1 The Company has not received any intimation from most of its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, relating to amounts unpaid as at the year end along with interest if any payable as required under the said Act have not been given. The Company generally makes payments to all its suppliers within the agreed credit period (generally less than 45 days) and thus, the Management is confident that the liability of interest under this Act, if any, would not be material.

22.2 Vendor's balances are subject to confirmations and reconciliations.

(₹ in lakh)

Particulars		Face Value (₹)	As at December 15, 2019	
			Nos.	Amount
23	**OTHER CURRENT FINANCIAL LIABILITIES**			
	Current maturities of non-current borrowings			8.55
	Interest accrued and not due on borrowings			-
	Unpaid Dividend			4.60
	Security Deposits			7.37
	Contractual Deductions by Customers & Price Variation			1,016.45
	Dues to Others			382.88
	Book Overdraft			187.89
	Employee's Emoluments			118.50
				1,726.24
24	**OTHER CURRENT LIABILITIES**			
	Advances to Staff & Workers against Expenses			-
	Statutory Dues			59.82
	Sub Judicial Matter	**24.1**		1,819.50
	Advance from and Credit Balance of Customers & Others			3,209.50
	Advance against sale of Property,Plant & Equipment			937.49
	Unearned Revenue			97.17
	Other liabilities			-
				6,123.47

24.1 The Company had made claims against Uttar Haryana Bijli Vitran Nigam Limited (UHBVN) for refund of liquidated damages deducted by the Electricity Board as well as interest on delayed payment of bills/due instalments by the Electricity Board. The arbitrator, appointed by the chairman, UHBVN, had given award in favour of the Company which was subsequently confirmed by the Additional Distt. Judge, Panchkula (Haryana). The Electricity Board has, however, filed an appeal with the Hon'ble High Court, Punjab & Haryana. While admitting the appeal, the Hon'ble High Court passed an interim order dated 25.08.2009, directing the Electricity Board to pay to the company a sum of Rs. 608.08 lakh against bank guarantee of the same amount as security to the Electricity Board. The Electricity Board has made payment against bank guarantee given to them as security. As the matter is still sub-judice, the amount is lying in Other Current Liabilities.

25	**CURRENT PROVISIONS**			
	Provision for Employee Benefits			157.68
	Provision for Warrantees	25.1		180.35
	Provision for Taxation			-
	Provision for Expenses			-
	Provision for Gratuity			6.00
	Provision for Contingency	25.1		25.00
				369.03

25.1.1 Warranty provision covers the estimated expenses to be incurred during warranty period of the products of the company determined on the basis of past experience. The company reviews the warranty provisions at periodical intervals and the same is adjusted to the estimated expenses to be incurred during the balance warranty period of the product. Expenses incurred during the year against warranty are being directly charged to Statement of Profit & Loss.

25.1.2 Refer Note 44.1(a)(ii).

26	**Current Tax Liabilities (Net)**			
	Provision for Taxation			-
				-

(₹ in lakh)

Particulars		Ref.	1st April, 2019 to 15th December, 2019
27	**REVENUE FROM OPERATIONS**		
	Sale of Product and Services		
	Sale of Finished Goods		11,157.67
	Contract Jobs		5,132.11
	Other Sales		4.03
	Maintenance and Services Revenue		839.54
		(A)	**17,133.34**
	Other Operating Income		
	Sales of Production Scrap	**(B)**	96.28
	Total Revenue	**(A)+(B)**	**17,229.62**
28	**OTHER INCOME**		
	Interest Income		660.28
	Rent & Licence Fees		125.09
	Freight Received (Net)		-
	Royalty Received		24.75
	Dividend Income from Non-Current Investments (Other than Trade)		54.88
	Sundry Balances Written Back		15.75
	Excess liability written back		-
	Profit on Sale of Property, Plant & Equipment		30.50
	Profit on sale of Investments		-
	Reversal of Provisions		158.61
	Claims Received(bad debt Recovered sonipat)		-
	Insurance Claim Received		-
	Net Gain/Loss arising on Financial Assets mandatorily measured at FVTPL		204.01
	Profit/ Loss on derivatives		-
	Interest Income on Financial Assets carried at fair value through Amortised cost		337.54
	Inter Corporate Deposits earlier written off, now recovered		-
	Misc. Income		49.74
	Freight Recovered from Customers (Net)		-
	Exempted Income		-
	Bad-debts Recovered		32.48
	Provision for doubtful debts written back		-
	Liabilities written back		0.00
	Exchange Gain (Net)		0.17
	Miscellaneous Income		17.09
	Insurance Claim Received		-
			1,661.14

(₹ in lakh)

Particulars		Ref.	1st April, 2019 to 15th December, 2019
	COST OF MATERIALS CONSUMED		
	Copper, Wires & Sections		-
	Core		-
	Wires & Sections		-
	Others		
	Raw Materials Consumed		14,728.38
			14,728.38
29	**CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**		
	Closing Stock		
	Finished Goods		75.87
	Work-in-Progress		4,783.31
	Stock-in-Trade		-
			4,859.18
	Less:		
	Opening Stock		
	Finished Goods		65.06
	Work-in-Progress		3,029.72
	Stock-in-Trade		-
			3,094.77
	Decrease / (Increase) in Stock		**(1,764.41)**
30	**EXCISE DUTY**		
	Excise Duty		-
			-
31	**EMPLOYEE BENEFIT EXPENSES**		
	Salaries and Wages		1,992.66
	Contribution to Provident and Others Funds		190.27
	Workmen and Staff Welfare Expenses		82.00
			2,264.93
32	**FINANCE COSTS**		
	Interest Expense		441.81
	Other Borrowing Cost		14.82
			456.62

(₹ in lakh)

Particulars		Ref.	1st April, 2019 to 15th December, 2019
33	**DEPRECIATION & AMORTIZATION EXPENSE**		
	Depreciation & Amortization Expense		113.89
	Less: Transferred to General Reserve (Gross of Tax)		-
			113.89
34	**OTHER EXPENSES**		
	Stores and Spare Parts Consumed		68.31
	Processing & Material Handling Expenses		978.92
	Other Manufacturing Expenses		-
	Freight outwards, Transport and Octroi Expenses		203.85
	Power & Fuel Expenses		187.98
	Rent		79.39
	Rates and Taxes		11.73
	- Rates and Taxes		11.14
	- GST paid (Exps A/c)		0.59
	- Excise Duty on Increase/(Decrease) of Stock		-
	Auditor's Remuneration	34.1	2.71
	Repair and Maintenance:		-
	- Buildings		29.35
	- Plant and Machinery		12.31
	- Others		78.41
	Commission on Sales		121.20
	Insurance		29.26
	Legal & Professional Charges		186.48
	Less: Transferred to Capital		-
	Travelling & Conveyance Expenses	34.2	301.73
	Bank Charges		180.05
	After Sales Services		-11.38
	Impulse & Short Circuit Charges		114.05
	Debt, Advance & other debit balance Written off		0.79
	Provision For Doubtful Debts		-
	LD to customers		-
	Contractual Deductions / Recoveries by Customers		57.79
	Directors Sitting Fees		0.95
	Miscellaneous Expenses		311.24
	Other Expenses		-
	Loss on Sale of Fixed Assets		-
	Loss on sale of Investment		-
	LD to customers		7.37
	Interest paid		-

(₹ in lakh)

Particulars	Ref.	1st April, 2019 to 15th December, 2019
Short & Excess		-
Service Tax Paid		-
AGM & Board meeting expenses		0.14
Postage & Telegram Exp.		28.84
Printing & Stationery		15.83
Prior period expenses		-
Telephone Expenses		-
Motor & Other Vehicle Exp.		16.75
Turnover, Sales Tax & Entry Tax		0.38
Provision for On-Risk Contracts		-
Erection Charges of Transformers		66.37
Fund Expenses		-
Donation		0.05
Income Tax paid		-
Exp income pertaining to previous year		-
Advertisement		3.59
General Expenses		38.93
IT Expenses		13.63
Revenue & Non Judicial Stamp		1.63
Books & Periodicals		0.52
Subscription		-
Unloading Expenses		2.79
Collie & Cartage		2.31
Tender Fees		3.95
Gardening Exp.		-
Inspection Charges		-
Security Service Charges		15.99
Recruitment & Training Exp.		0.71
Office Exps		3.39
Electricity & Water Charges		13.19
Buy back expenses		-
Listing fee		0.23
Filing Fee		-
Sales Promotion Expenses		9.95
Gift & Presentation		1.42
Instruments & Oil Testing		33.02
Discount & Rebates		26.91
Expenses For Company Guest		2.38
Foreign Exchange Loss (Net)		0.97
Less: Transferred to Capital Work in Progress / Capitalised		-
		2,945.72

34.2 Includes Directors' Travelling ₹ 56.28 Lakh (Previous Year ₹ 20.43 Lakh).

(₹ in lakh)

Particulars		Ref.	1st April, 2019 to 15th December, 2019
35	**EXCEPTIONAL ITEMS**		
35.1	Profit/(Loss) on Sale of Immovable Property'		
35.2	Profit/(Loss) on Sale of Non-Current Investments (Other than Trade)		
35.1	Profit/(Loss) on Sale of Immovable Property		-
35.2	Litigation Settlement		-
35.3	Profit/(Loss) on Sale of Non Current Investments (other than Trade)		-
35.4	Provision for Legal Liability		-
			-
36	**OTHER COMPREHENSIVE INCOME**		
A.	Items that will not be reclassified to Profit & Loss		
1.	Actuarial gain/(loss) on Defined Benefit Obligations		-
	Income Tax Effect		-
2.	Net gain/(loss) on FVTOCI Equity securities		(391.81)
	Income Tax Effect		-
B.	Items that will be reclassified to Profit & Loss		-
			(391.82)

ROUTE MAP FROM QUTAB MINAR TO E CLUB