**PROMPTEC RENEWABLE ENERGY SOLUTIONS PRIVATE LIMITED**
**BALANCE SHEET AS AT MARCH 31, 2018**

| | Notes | As at March 31, 2018 Rs. in lacs | As at March 31, 2017 Rs. in lacs |
|---|---|---|---|
| **ASSETS** | | | |
| 1 **Non-current assets** | | | |
| Property, plant and equipment | 3 | 597.26 | 701.22 |
| Capital work in progress | 3 | - | 2.77 |
| Other Intangible assets | 4 | 18.34 | 22.82 |
| Financial assets | 5 | | |
| Others financial assets | | 41.28 | 45.30 |
| Deferred tax assets (net) | 6 | - | 154.68 |
| Other non-current assets | 7 | - | 16.71 |
| | | **656.88** | **943.50** |
| 2 **Current assets** | | | |
| Inventories | 8 | 1,188.21 | 1,747.64 |
| Financial assets | 9 | | |
| (A) Trade receivables | | 421.35 | 1,296.21 |
| (B) Cash and cash equivalent | | 11.72 | 2.18 |
| (C) Other bank balances | | 1.83 | 1.72 |
| (D) Others financial assets | | 23.15 | 30.31 |
| Other current assets | 10 | 347.03 | 314.40 |
| | | **1,993.29** | **3,392.46** |
| **Total Assets** | | **2,650.17** | **4,335.96** |
| **EQUITY AND LIABILITIES** | | | |
| 1 **Equity** | 11 | | |
| Equity share capital | | 263.62 | 263.62 |
| Other equity | | 849.38 | 1,304.05 |
| | | **1,113.00** | **1,567.67** |
| 2 **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Provisions | 12 | 83.74 | 87.98 |
| Deferred tax liabilities (net) | 6 | 6.31 | - |
| | | **90.05** | **87.98** |
| **Current liabilities** | | | |
| Financial liabilities | 13 | | |
| (A) Borrowings | | 737.74 | 1,028.20 |
| (B) Trade payables | | 582.97 | 1,453.65 |
| (C) Other financial liabilities | | 60.17 | 109.63 |
| Provisions | 14 | 40.39 | 21.94 |
| Other current liabilities | 15 | 25.85 | 66.89 |
| | | **1,447.12** | **2,680.31** |
| **Total Equity and Liabilities** | | **2,650.17** | **4,335.96** |
| Summary of significant accounting policies | 2 | | |
| Contingent liabilities, commitments and litigations | 25 | | |
| Other notes on accounts | 26 | | |

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

As per our report of even date

**For and on behalf of Board of Directors**

| | | |
|---|---|---|
| Sd/- | Sd/- | Sd/- |
| **Rajiv Goel** | **Anil Kumar Bhasin** | **Nikhil Das Sivadasa** |
| Director | Director | Director |
| DIN: 00714821 | DIN: 07179675 | DIN: 02257140 |

**For S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Registration No. 301003E/E300005

Sd/-
**Per Manoj Kumar Gupta**
Partner
Membership No. 83906
Noida, May 07,2018

Sd/-
**Manish Bansal**
Authorised Signatory

**PROMPTEC RENEWABLE ENERGY SOLUTIONS PRIVATE LIMITED**
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018**

| | | Notes | Year ended March 31, 2018 Rs. in lacs | Year ended March 31, 2017 Rs. in lacs |
|---|---|---|---|---|
| I | **INCOME** | | | |
| | Revenue from operations | 16 | 5,555.83 | 8,530.17 |
| | Other income | 17 | 9.24 | 25.38 |
| | **Total Income** | | **5,565.07** | **8,555.55** |
| II | **EXPENSES** | | | |
| | Cost of materials consumed | 18 | 3,937.08 | 5,992.81 |
| | Purchase of traded goods | 19 | 56.06 | - |
| | Change in inventories of finished goods, traded goods and work in progress | 20 | 19.86 | (53.76) |
| | Excise duty on sale of goods | 16 | 90.30 | 650.04 |
| | Employee benefits expenses | 21 | 714.67 | 860.01 |
| | Finance costs | 22 | 84.51 | 97.20 |
| | Depreciation and amortisation expenses | 23 | 95.66 | 88.37 |
| | Other expenses | 24 | 854.17 | 1,159.64 |
| | **Total Expenses** | | **5,852.31** | **8,794.31** |
| III | **Loss before income tax** | | **(287.24)** | **(238.76)** |
| V | **Tax expenses** | | | |
| | Current tax | | - | - |
| | Adjustment of tax relating to earlier years | | - | (4.91) |
| | Deferred tax | 6 | 162.92 | (99.49) |
| | **Total tax expense** | | **162.92** | **(104.40)** |
| VI | **Loss for the year** | | **(450.16)** | **(134.36)** |
| VI | **Other comprehensive income** | | | |
| | Other comprehensive income that will not be reclassified to profit or loss in subsequent periods | | | |
| | Re-measurement (gains)/ losses on defined benefit plans (Refer note no 26(2)) | | 6.44 | (2.13) |
| | ii) Income tax effect (Refer note no 6(b)) | | (1.93) | 0.66 |
| | **Other comprehensive income for the year, net of tax** | | **4.51** | **(1.47)** |
| VII | **Total comprehensive income for the year, net of tax** | | **(454.67)** | **(132.89)** |
| VIII | **Earnings per equity share {refer note no. 26(7)} (nominal value of share Re.10/-)** | | | |
| | **Basic (Rs.)** | | (17.08) | (5.10) |
| | **Diluted (Rs.)** | | (17.08) | (5.10) |
| | Summary of significant accounting policies | 2 | | |
| | Contingent liabilities, commitments and litigations | 25 | | |
| | Other notes on accounts | 26 | | |

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

As per our report of even date

**For S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Registration No. 301003E/E300005

Sd/-
**Per Manoj Kumar Gupta**
Partner
Membership No. 83906
Noida, May 07,2018

**For and on behalf of Board of Directors**

Sd/-
**Rajiv Goel**
Director
DIN: 00714821

Sd/-
**Anil Kumar Bhasin**
Director
DIN: 07179675

Sd/-
**Nikhil Das Sivadasa**
Director
DIN: 02257140

Sd/-
**Manish Bansal**
Authorised Signatory

**PROMPTEC RENEWABLE ENERGY SOLUTIONS PRIVATE LIMITED**

**Statement of Changes in Equity for the year ended March 31, 2018**

**A) Equity Share Capital**

| Particulars | Rs in lacs | Numbers |
|---|---|---|
| **As at April 1, 2016** | **263.62** | **2,636,226** |
| Add: Movement during the year | - | - |
| **As at March 31, 2017** | **263.62** | **2,636,226** |
| Add: Movement during the year | - | - |
| **As at March 31, 2018** | **263.62** | **2,636,226** |

**B) Other Equity**

**Rs. in lacs**

| Particulars | Reserves and Surplus | | | | Total |
|---|---|---|---|---|---|
| | Capital reserve | Securities premium account | General reserve | Retained earnings | |
| **As at April 1, 2016** | **2.21** | **1,447.00** | **2.26** | **(14.53)** | **1,436.94** |
| Net Loss for the year | - | - | - | (134.36) | **(134.36)** |
| **Other comprehensive income for the year** | | | | | |
| Re-measurement (gains)/losses on defined benefit plans | - | - | - | 1.47 | **1.47** |
| **As at March 31, 2017** | **2.21** | **1,447.00** | **2.26** | **(147.42)** | **1,304.05** |
| Net Loss for the year | - | - | - | (450.16) | **(450.16)** |
| **Other comprehensive income for the year** | | | | | |
| Re-measurement (gains)/losses on defined benefit plans | - | - | - | (4.51) | **(4.51)** |
| **As At March 31, 2018** | **2.21** | **1,447.00** | **2.26** | **(602.09)** | **849.38** |

-

As per our report of even date

**For and on behalf of Board of Directors**

**For S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Registration No. 301003E/E300005

Sd/-
**Per Manoj Kumar Gupta**
Partner
Membership No. 83906
Noida, May 07,2018

Sd/-
**Rajiv Goel**
Director
DIN: 00714821

Sd/-
**Anil Kumar Bhasin**
Director
DIN: 07179675

Sd/-
**Nikhil Das Sivadasan**
Director
DIN: 02257140

Sd/-
**Manish Bansal**
Authorised Signatory

## PROMPTEC RENEWABLE ENERGY SOLUTIONS PRIVATE LIMITED
### CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31 ,2018

| | Year ended March 31, 2018 Rs. in Lacs | Year ended March 31, 2017 Rs. in Lacs |
|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit before Income tax | (287.24) | (238.76) |
| Adjustments to reconcile profit before tax to net cash flows | | |
| Depreciation and amortisation expense | 95.66 | 88.37 |
| Loss/ (profit) on disposal of property, plant and equipments | 0.28 | (8.73) |
| Impairment allwances for the trade receivables | 58.62 | 58.16 |
| Impairment allowances for the financial assets | 19.01 | - |
| Interest expense | 80.96 | 90.64 |
| Interest income | (0.14) | (0.12) |
| Excess provisions no longer required written back | (4.78) | (3.45) |
| Provision for doubtful receivables written back | (2.38) | (3.02) |
| Operating Profit before working capital changes | **(40.01)** | **(16.91)** |
| Movement in working capital | | |
| (Increase)/ Decrease in trade receivables | 814.01 | 220.54 |
| (Increase)/ Decrease in other assets | (34.15) | (261.76) |
| (Increase)/ Decrease in inventories | 559.43 | (218.02) |
| Increase/ (Decrease) in trade payables | (870.68) | 530.92 |
| Increase/ (Decrease) in other liabilities and provisions | (42.71) | (30.17) |
| **Cash generated from/(used) in operations** | **385.89** | **224.59** |
| Direct taxes paid (net of refunds) | - | (0.32) |
| **Net Cash flow from/(used) in Operating Activities (A)** | **385.89** | **224.27** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchase of property, plant and equipments including capital work in progress | (24.28) | (255.02) |
| Capital advances (net of capital creditors) | (20.23) | 40.78 |
| Fixed Deposits matured/ (made) during the year | (0.11) | (0.10) |
| Proceeds from property, plant and equipments | 39.55 | 14.58 |
| Interest income received | 0.14 | 0.12 |
| **Net Cash flow from/(used) in Investing Activities (B)** | **(4.93)** | **(199.64)** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Repayment of borrowings | - | (8.22) |
| Repayment of short term borrowings | (290.46) | 70.48 |
| Interest paid | (80.96) | (90.64) |
| **Net Cash Flow from/(used) in Financing Activities (C)** | **(371.42)** | **(28.38)** |
| **Net increase / decrease in cash and cash equivalents (A+B+C)** | **9.54** | **(3.75)** |
| Cash and cash equivalents at the beginning of the year | 2.18 | 5.93 |
| **Cash and Cash Equivalents at the end of the year** | **11.72** | **2.18** |

**Notes :**

1 The above Cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard 7 , "Statement of Cash Flows".

2 Components of cash and cash equivalents :-

| | As at March 31, 2018 Rs. in Lacs | As at March 31, 2017 Rs. in Lacs |
|---|---|---|
| **Cash and cash equivalents** | | |
| Balances with banks: | | |
| - Current accounts | 0.18 | 2.15 |
| - Cheques on hand | 11.50 | - |
| Cash on hand | 0.04 | 0.03 |
| | **11.72** | **2.18** |

As per our report of even date
**For S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Registration No. 301003E/E300005

Sd/-
**Per Manoj Kumar Gupta**
Partner
Membership No. 83906
Noida, May 07,2018

**For and on behalf of Board of Directors**

| Sd/- | Sd/- | Sd/- |
|---|---|---|
| **Rajiv Goel** | **Anil Kumar Bhasin** | **Nikhil Das Sivadasan** |
| Director | Director | Director |
| DIN: 00714821 | DIN: 07179675 | DIN: 02257140 |

Sd/-
**Manish Bansal**
Authorised Signatory

**PROMPTEC RENEWABLE ENERGY SOLUTIONS PRIVATE LIMITED**
**Notes to financial statements for the year ended March 31,2018**

## 1 CORPORATE INFORMATION

Promptec Renewable Energy Solutions Private Limited ("the Company") is a Company domiciled in India and incorporated on Sept 4,2008 under the provisions of the Companies Act, 1956. The Company is engaged in manufacturing of LED (Light Emitting Diode) Lighting, Solar lighting and Power Electronics solutions.

The Financial statements were authorized by the board of directors for issue in accordance with resolution passed on May 07,2018.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### 2.01 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the section 133 of the Companies Act 2013 (the Act) read with Companies (Indian Accounting Standards) Rule 2015 (as amended from time to time) and other relevant provision of the Act. The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities:

i) Certain financial assets and liabilities that is measured at fair value

ii) Defined benefit plans-plan assets measured at fair value

The financial statements are presented in Indian Rupees ('INR') and all values are rounded to nearest lacs ( INR 00,000), except when otherwise indicated.

### 2.02 Current versus non-current classification

the Company presents assets and liabilities in the balance sheet based on current/non- current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non current.

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

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

### 2.03 Property, plant and equipment

Property, Plant and equipment including capital work in progress are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of CENVAT credit and VAT credit availed wherever applicable. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their respective useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteries for a provision are met.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Capital work- in- progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on property, plant and equipment is provided on prorata basis on straight-line method using the useful lives of the assets estimated by management and in the manner prescribed in Schedule II of the Companies Act 2013. The useful life is as follows:

| **Assets** | **Useful life (in years)** |
|---|---|
| Building | 30 - 60 |
| Plant and Equipment | 15 |
| Dies and tools | 6 |
| Furniture and Fixtures | 10 |
| Vehicles | 8-10 |
| R &D Equipment | 5-15 |
| Office Equipment | 3-5 |
| Electric Fans and Installations | 10 |
| Laptops | 3 |

Dies and tools and mobile phones are depreciated over the estimated useful lives of 6 years and 3 years, respectively, which are lower than those indicated in Schedule II. On the basis of technical assessment made by the management, it believes that the useful lives as given above best represent the period over which the assets are expected to be used.

**2.04 Intangible assets**

**Separately acquired intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development cost, are not capitalized and the related expenditure is reflected in statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

**Research and development cost**

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

i) The technical feasibility of completing the intangible asset so that it will be available for use or sale
ii) Its intention to complete the asset;
iii) Its ability to use or sale the asset;
iv) How the asset will generate future economic benefits;
v) The availability of adequate resources to complete the development and to use or sale the asset; and
vi) The ability to measure reliably the expenditure attributable to the intangible asset during development

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on straight line basis over the estimated useful life. During the period of development, the asset is tested for impairment annually.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the assets are disposed off.

Intangible assets with finite useful life are amortized on a straight line basis over their estimated useful life of 6 years

**2.05 Impairment of non- financial Assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. 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.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses including impairment on inventories, are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**2.06 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**

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- Those measured at amortized cost

**Initial recognition and measurement**

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, transaction costs that are attributable to the acquisition of the financial asset.

**Subsequent measurement**

For purposes of subsequent measurement financial assets are classified in following categories

- Debt instruments at fair value through profit and loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments at amortized cost
- Equity instruments

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss( i.e. fair value through profit or loss),or recognized in other comprehensive income( i.e. fair value through other comprehensive income). For investment in debt instruments, this will depend on the business model in which the investment is held. For investment in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for equity instruments at FVTOCI.

**Debt instruments at amortized cost**

A Debt instrument is measured at amortized cost if both the following conditions are met

a) **Business Model Test** : The objective is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).

b) **Cash flow characteristics test**: The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

This category is most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR.EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.The EIR amortization is included in finance income in profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

**Debt instruments at fair value through OCI**

A Debt instrument is measured at fair value through other comprehensive income if following criteria are met:

a) **Business Model Test** : The objective of financial instrument is achieved by both collecting contractual cash flows and for selling financial assets.

b) **Cash flow characteristics test**: The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Financial Asset included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI), except for the recognition of interest income, impairment gains or losses and foreign exchange gains or losses which are recognized in statement of profit and loss. On dereognition of asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to statement of profit & loss. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

**Debt instruments at FVTPL**

FVTPL is a residual category for financial instruments. Any financial instrument, which does not meet the criteria for amortized cost or FVTOCI, is classified as at FVTPL.A gain or loss on a Debt instrument that is subsequently measured at FVTPL and is not a part of a hedging relationship is recognized in statement of profit or loss and presented net in the statement of profit and loss within other gains or losses in the period in which it arises. Interest income from these Debt instruments is included in other income.

**Equity investments of other entities**

All equity investments in scope of IND AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which IND AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income all subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Profit and loss.

**Derecognition**

A financial asset (or ,where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement and either;

    (a) the Company has transferred the rights to receive cash flows from the financial assets or
    (b) the Company has retained the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all the risks and rewards of the ownership of the financial assets. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all the risks and rewards of the ownership of the financial assets, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

**Impairment of financial assets**

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

- Financial assets measured at amortized cost;
- Financial assets measured at fair value through other comprehensive income(FVTOCI)

the Company follows "simplified approach" for recognition of impairment loss allowance on

- Trade receivables or contract revenue receivables;
- All lease receivables resulting from the transactions within the scope of IND AS 17

Under the simplified approach, the Company does not track changes in credit risk. Rather , it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. the Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analyzed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12- months ECL.

**(ii) Financial liabilities:**

**Initial recognition and measurement**

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, net of directly attributable transaction costs. the Company financial liabilities include loans and borrowings including bank overdraft, trade payables, trade deposits, retention money, liabilities towards servicies, sales incentive and other payables.

The measurement of financial liabilities depends on their classification, as described below:

**Trade Payables**

These amounts represents liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 120 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using EIR method.

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. the Company has not designated any financial liability as at fair value through profit and loss.

**Loans and borrowings**

Borrowings are initially recognized at fair value, net of transaction cost incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognised as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

**Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of IND AS 109 and the amount recognized less cumulative amortization.

**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 medication is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

**Offsetting of financial instruments:**

Financials assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

**Reclassification of financial assets:**

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

**2.07 Inventories**

**a) Basis of valuation:**

i) Inventories other than scrap materials are valued at lower of cost and net realizable value after providing cost of obsolescence, if any. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by-item basis.

ii) Inventory of scrap materials have been valued at net realizable value

**b) Method of Valuation:**

i) **Cost of raw materials** has been determined by using moving weighted average cost method and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.

ii) **Cost of finished goods and work-in-progress** includes direct labour and an appropriate share of fixed and variable production overheads and excise duty as applicable. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Cost is determined on moving weighted average basis.

iii) **Cost of traded goods** has been determined by using moving weighted average cost method and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.

iv) **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.

**2.08 Taxes**

Tax expense for the year comprises of current tax and deferred tax

**a) Current Tax**

**i)** Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date.

**ii)** Current income tax relating to item recognized outside the statement of profit and loss is recognized outside profit or loss (either in other comprehensive income or equity).Current tax items are recognized in correlation to the underlying transactions either in OCI or directly in equity.

**b) Deferred Tax**

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

Deferred tax assets and liabilities are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or direct in equity.

Deferred Tax includes Minimum Alternate Tax (MAT) recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

**2.09 Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Amounts disclosed are inclusive of Excise Duty , and net of returns, trade discounts, rebates, value added taxes and amount collected on behalf of third parties.

the Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. the Company has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognized:

a) **Sale of goods**

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

Revenue is usually recognized when it is probable that economic benefits associated with the transaction will flow to the entity, amount of revenue can be measured reliably and entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold

b) **Rendering of Services**

Revenue from service related activities is recognized as and when services are rendered and on the basis of contractual terms with the parties.

c) **Interest Income**

Interest Income is recognised on time proportion basis taking into account the amount outstanding and the applicable interest rates and is disclosed in "other income".

**2.10 Employee benefits**

**(i) Short-term obligations**

Liabilities for wages and salaries, including non monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employee service upto the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. the liabilities are presented as current employee benefit obligations in the balance sheet.

**(ii) Other long-term employee benefit obligations**

a) **Gratuity**

The liabilities with respect to Gratuity Plan are determined by actuarial valuation on projected unit credit method on the balance sheet date. The actuarial valuation of the gratuity of employees at the year end is provided for as assets/ (liability) in the books.Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation under Employee benfit expense in statement of profit or loss :

a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements

b) Net interest expense or income

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

b) **Provident fund**

Retirement benefit in the form of provident fund is a defined contribution scheme. the Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable through provident fund scheme as an expense, when an employee renders the related services. If the contribution payable to scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excesses recognized as an asset to the extent that the prepayment will lead to , for example , a reduction in future payment or a cash refund.

c) **Compensated Absences**

Leave encashment is provided on the basis of earned leave standing to the credit of the employees and the same is accumulated within a year and paid at the end of that year.

**2.11 Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**Company as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with Company's general policy on the borrowing cost.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the statement of profit or loss account on straight line basis over the lease term, unless the payments are structured to increase in line with the expected general inflation to compensate for the lessor in expected inflationary cost increase.

**2.12 Segment accounting:**

As the company's business activity primary falls within a single business and grographical segment,in view of the same, separate segment information is not required to be given as per requirements of IND AS -108.

**2.13 Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all potentially dilutive equity shares.

**2.14 Borrowing Costs**

Borrowing cost includes interest and other costs incurred in connection with the borrowing of funds and charged to Statement of Profit & Loss on the basis of effective interest rate (EIR) method. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are recognized as expense in the period in which they occur.

**2.15 Exceptional Items**

Exceptional items are transactions which due to their size or incidence are separately disclosed to enable a full understanding of the Company's financial performance. Items which may be considered exceptional are significant restructuring charges, gains or losses on disposal of investments in associates and joint venture and impairment losses/ write down in value of investment in associates and joint venture and significant disposal of fixed assets (if any).

**2.16 Cash and Cash Equivalents**

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

**2.17 Foreign currencies**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').the Company’s financial statements are presented in Indian rupee (INR) which is also the Company’s functional and presentation currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate prevailing at the date of transaction.

**Measurement of foreign currency items at the balance sheet date**

Foreign currency monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items 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.

**Exchange differences**

Exchange differences arising on settlement or translation of monetary items are recognized as income or expense in the period in which they arise with the exception of exchange differences on gain or loss arising on translation of non-monetary items measured at fair value which 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 recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

**2.18 Provisions and Contingent Liabilities**

**Provisions**

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of 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. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

**Warranty Provisions**

Provision for warranty-related costs are recognized when the product is sold or service is provided to customer. Initial recognition is based on historical experience. the Company periodically reviews the adequacy of product warranties and adjust warranty percentage and warranty provisions for actual experience, if necessary. The timing of outflow is expected to be with in one to two years.

**Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognized because it cannot be measured reliably. the Company does no recognize a contingent liability but discloses its existence in the financial statements unless the probability of outflow of resources is remote.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

**2.19 Fair value measurement**

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

**Level 1**- Quoted(unadjusted) market prices in active markets for identical assets or liabilities

**Level 2**- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

**Level 3**- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

**2.20 Standards issued but not yet effective**

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards on modified retrospective basis, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

**Ind AS 115 Revenue from Contracts with Customers**

Ind AS 115 was issued on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 April 2018. The Company plans to adopt the new standard on the required effective date using the full retrospective method.

The Company is in the business of manufacturing and selling of LED (Light Emitting Diode) Lighting, Solar lighting and Power Electronics solutions. The goods and services are sold both on their own in separate identified contracts with customers and together as a bundled package of goods and/or services.

**(a) Sale of goods**

For contracts with customers in which the sale of goods is generally expected to be the only performance obligation, adoption of Ind AS 115 is not expected to have any impact on the Company's revenue and profit or loss. The Company expects the revenue recognition to occur at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

In preparing to adopt Ind AS 115, the Group is considering the following:

**(i) Variable consideration**

Some contracts with customers provide a right of return, trade discounts or volume rebates. Currently, the Company recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If revenue cannot be reliably measured, the Company defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under Ind AS 115, and will be required to be estimated at contract inception and updated thereafter.
Ind AS 115 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Company however does not expects that application of the constraint will result in any revenue being deferred than under current Ind AS.

**(ii) Warranty obligations**

The Company generally provides for warranties for general repairs and does not provide extended warranties in its contracts with customers. As such, most existing warranties will be assurance-type warranties under Ind AS 115, which will continue to be accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its current practice. When the Company adopts Ind AS 115 during the year ending 31 March 2019, the Company however does not expects any revenue being deferred than under current Ind AS.

**(b) Other adjustments**

In addition to the major adjustments described above, on adoption of Ind AS 115, other items of the primary financial statements such as deferred taxes, assets held for sale and liabilities associated with them will be affected and adjusted as necessary.

The recognition and measurement requirements in Ind AS 115 are also applicable for recognition and measurement of any gains or losses on disposal of non-financial assets (such as items of property, plant and equipment and intangible assets), when that disposal is not in the ordinary course of business. However, on transition, the effect of these changes is not expected to be material for the Company.

**Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration**

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.
Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:
(i) The beginning of the reporting period in which the entity first applies the Appendix, or
(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.
The Appendix is effective for annual periods beginning on or after 1 April 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

**2.21 Significant accounting judgements, estimates and assumptions**

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

**Judgements**

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

**a) Operating lease commitments — Company as lessee**

The Company has taken various commercial properties on leases. the Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, and that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

**b) Assessment of lease contracts**

Significant judgement is required to apply lease accounting rules under Appendix C to IND AS 17: determining whether an Arrangement contains a Lease. In assessing the applicability to arrangements entered into by the Company, management has exercised judgement to evaluate the right to use the underlying assets, substance of the transaction including legally enforced arrangements and other significant terms and conditions of the arrangement to conclude whether the arrangements meet the criteria under Appendix C to IND

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

**a) Taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies

**b) Gratuity benefit**

The cost of defined benefit plans (i.e. Gratuity benefit) is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions 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. In determining the appropriate discount rate, management considers the interest rates of long term government bonds with extrapolated maturity corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about the assumptions used, including a sensitivity analysis, are given in Note 26(2)

**c) Fair value measurement of financial instrument**

When the fair value 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 Discounted Cash Flow (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

**d) Impairment of Financial assets**

The impairment provisions of financial assets are based on assumptions about risk of default and expected loss rates. the Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history ,existing market conditions as well as forward looking estimates at the end of each reporting period.

**e) Impairment of non-Financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An assets recoverable amount is the higher of an assets's CGU'S fair value less cost of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. 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.

In assessing value in use , the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other fair value indicators

**f) Warranty provision**

Warranty Provisions are measured at discounted present value using pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. Warranty provisions is determined based on the historical percentage of warranty expense to sales for the same types of goods for which the warranty is currently being determined. The same percentage to the sales is applied for the current accounting period to derive the warranty expense to be accrued. It is adjusted to account for unusual factors related to the goods that were sold, such as defective inventory lying at the depots. It is very unlikely that actual warranty claims will exactly match the historical warranty percentage, so such estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

**Promptec Renewable Energy Solutions Pvt Ltd.**
**Notes to financial statements for the year ended March 31, 2018**
**Note 3 : Property, plant and equipment**

**Rs. in Lacs**

| | Building | Plant and Equipment | Dies and tools | Furniture and fixtures | Vehicles | R & D Equipment's | Office Equipment's | Electrical Fans and Installation | Total | Capital Work in progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **At cost** | | | | | | | | | | | |
| **At April 1, 2016** | **121.76** | **256.10** | **14.60** | **48.15** | **15.59** | **87.70** | **49.58** | **8.67** | **602.15** | **-** | **602.15** |
| Additions | 16.69 | 94.82 | 91.60 | 11.59 | - | 12.30 | 16.40 | - | 243.40 | 2.77 | 246.17 |
| Disposals | - | (0.10) | - | (0.23) | (6.94) | - | (0.42) | - | (7.69) | - | (7.69) |
| Transfers (Inter block) | - | (47.96) | 42.88 | - | - | (5.23) | 10.12 | 0.19 | 0.00 | - | 0.00 |
| **At March 31, 2017** | **138.45** | **302.86** | **149.08** | **59.51** | **8.65** | **94.77** | **75.68** | **8.86** | **837.86** | **2.77** | **840.63** |
| Additions | 10.93 | 5.47 | - | 1.10 | - | 1.33 | 2.45 | 5.77 | 27.05 | (2.77) | 24.28 |
| Disposals | - | (41.92) | (2.80) | - | - | - | - | - | (44.72) | - | (44.72) |
| Transfers (Inter block) | - | - | - | - | - | - | - | - | - | - | - |
| **At March 31, 2018** | **149.38** | **266.41** | **146.28** | **60.61** | **8.65** | **96.10** | **78.13** | **14.63** | **820.19** | **-** | **820.19** |
| **Depreciation** | | | | | | | | | | | |
| **At April 1, 2016** | **3.02** | **34.22** | **0.97** | **2.70** | **2.90** | **3.92** | **6.69** | **0.05** | 54.47 | **-** | 54.47 |
| Charge for the year | 4.35 | 38.32 | 8.32 | 5.90 | 1.85 | 11.09 | 13.36 | 0.82 | 84.01 | - | 84.01 |
| Disposals | - | (0.01) | - | (0.04) | (1.59) | - | (0.20) | - | (1.84) | - | (1.84) |
| Transfers (Inter block) | - | (26.91) | 26.08 | - | - | (2.09) | 2.89 | 0.03 | (0.00) | - | (0.00) |
| **At March 31, 2017** | **7.37** | **45.62** | **35.37** | **8.56** | **3.16** | **12.92** | **22.74** | **0.90** | **136.64** | **-** | **136.64** |
| Charge for the year | 4.64 | 25.37 | 25.48 | 6.32 | 1.58 | 9.67 | 16.74 | 1.38 | 91.18 | - | 91.18 |
| Disposals | - | (4.53) | (0.36) | - | - | - | - | - | (4.89) | - | (4.89) |
| Transfers (Inter block) | - | - | - | - | - | - | - | - | - | - | - |
| **At March 31, 2018** | **12.01** | **66.46** | **60.49** | **14.88** | **4.74** | **22.59** | **39.48** | **2.28** | **222.93** | **-** | **222.93** |
| **Net carrying amount** | | | | | | | | | | | |
| **At March 31, 2017** | **131.08** | **257.24** | **113.71** | **50.95** | **5.49** | **81.85** | **52.94** | **7.96** | **701.22** | **2.77** | **703.99** |
| **At March 31, 2018** | **137.37** | **199.95** | **85.79** | **45.73** | **3.91** | **73.51** | **38.65** | **12.35** | **597.26** | **-** | **597.26** |

**Note 4 : Intangible assets**

| | Computer Software | Total |
|---|---|---|
| **Gross Block** | | |
| **At April 1, 2016** | **19.41** | **19.41** |
| Additions | **8.85** | **8.85** |
| Disposals | **-** | **-** |
| **At March 31, 2017** | **28.26** | **28.26** |
| Additions | **-** | **-** |
| Disposals | **-** | **-** |
| **At March 31, 2018** | **28.26** | **28.26** |
| **Amortization** | | |
| **At March 31, 2016** | **1.08** | **1.08** |
| Charge for the year | **4.36** | **4.36** |
| Disposals | **-** | **-** |
| **At March 31, 2017** | **5.44** | **5.44** |
| Charge for the year | **4.48** | **4.48** |
| Disposals | **-** | **-** |
| **At March 31, 2018** | **9.92** | **9.92** |
| **Net carrying amount** | | |
| **At March 31, 2017** | **22.82** | **22.82** |
| **At March 31, 2018** | **18.34** | **18.34** |

| | As at March 31, 2018 Rs. in Lacs | As at March 31, 2017 Rs. in Lacs |
|---|---|---|
| **5 NON CURRENT FINANCIAL ASSETS** | | |
| **Other financial assets (Valued at amortised cost)** | | |
| **Unsecured- considered good** | | |
| Security Deposit | 40.61 | 45.30 |
| Fixed deposit with Banks having remaining maturity period of more than twelve months (refer note below) | 0.67 | - |
| | **41.28** | **45.30** |

Note: Fixed deposit have been given as a security against material supplied to customer

**6 INCOME TAXES:**

| **(a) Income tax expenses in the statement of profit and loss comprises :** | Year ended March 31, 2018 Rs.in Lacs | Year ended March 31, 2017 Rs.in Lacs |
|---|---|---|
| **Current Tax** | | |
| Current Income Tax | - | - |
| Adjustments of tax relating to earlier years | - | (4.91) |
| **Deferred Tax** | | |
| Relating to origination and reversal of temporary differences | 162.92 | (99.49) |
| **Income tax expense reported in the statement of profit or loss** | **162.92** | **(104.40)** |
| **(b) Other Comprehensive Income** | | |
| i) Re-measurement (gains)/ losses on defined benefit plans (Refer note no 26(2)) | (1.93) | 0.66 |
| **Income tax related to items recognised in OCI during the year** | **(1.93)** | **0.66** |

**(c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate**

| | | |
|---|---|---|
| Accounting loss before tax | (287.24) | (238.76) |
| Applicable tax rate | 30.90% | 30.90% |
| **Computed Tax Expense** | (88.76) | (73.78) |
| Expense not allowed for tax purpose. | 8.06 | 6.59 |
| Change in tax rate | (1.18) | - |
| Reversal / (creation) of deferred tax assets on unabsorbed depreciation and carried forwarded tax losses | 300.68 | (90.01) |
| Additional allowances for tax purpose | (55.88) | 51.77 |
| Tax relating to earlier years | - | 1.03 |
| **Income tax charged/(credited) to Statement of Profit and Loss at the effective rate of (56.72)% {March 31,2017: 43.73%}** | **162.92** | **(104.40)** |

**(d) Deferred tax (liability)/assets comprises:**

| | Balance Sheet | | Recognised in Statement of Profit & Loss | |
|---|---|---|---|---|
| | **As at March 31, 2018 Rs in Lacs** | **As at March 31, 2017 Rs in Lacs** | **Year Ended March 31, 2018 Rs in Lacs** | **Year Ended March 31, 2017 Rs in Lacs** |
| Accelerated Depreciation for Tax purposes | (62.80) | (75.17) | (12.37) | 7.24 |
| Expenses allowable on payment basis | 56.49 | (29.75) | (86.24) | 51.77 |
| Unabsorbed Depreciation and carried forwarded tax losse | - | 259.60 | 259.60 | (163.78) |
| MAT credit entitlement | - | - | - | 5.94 |
| Re-measurement (gains)/ losses on defined benefit plans | | - | 1.93 | (0.66) |
| | **(6.31)** | **154.68** | **162.92** | **(99.49)** |

| **(e) Reconciliation of deferred tax (liability)/assets (net)** | **As at March 31, 2018 Rs in Lacs** | **As at March 31, 2017 Rs in Lacs** |
|---|---|---|
| Opening balance as per last balance sheet | 154.68 | 55.85 |
| Tax expense recognized in profit and loss account during the year | (162.92) | 99.49 |
| Tax expense recognized in other comprehensive income during the year | 1.93 | (0.66) |
| Closing balance | **(6.31)** | **154.68** |

Notes:
There is unabsorbed depreciation and business losses of Rs. 281.42 lacs and Rs 618.97 lacs as on April 1, 2017 with expiry of Rs 88.53 lacs in financial year 2023-24 and Rs 530.44 lacs in financial year 2024-25. During the year there is further unabsorbed depreciation of Rs 74.61 lacs and business loss of Rs 57.67 lacs. No deferred tax asset has been created on total unabsorbed depreciation and business losses of Rs. 1032.67 lacs by the management due to lack of probability of future business income against which such deferred tax assets can be realised. If the Company were able to recognise all unrecognised deferred tax assets, the profit would have increased by Rs. 268.49 lacs.

| | | |
|---|---|---|
| **7 OTHER NON-CURRENT ASSETS** | | |
| **(Unsecured- considered good)** | | |
| Capital advances | - | 10.40 |
| Others | | |
| Deposits with Statutory/ Government authorities | - | 6.31 |
| | **-** | **16.71** |

| | | As at March 31, 2018 Rs in Lacs | As at March 31, 2017 Rs in Lacs |
|---|---|---|---|
| **8** | **INVENTORIES** | | |
| | **(Valued at lower of cost and net realisable value unless otherwise stated) (Refer accounting policies 2.07)** | | |
| | Raw materials and components | 719.99 | 1,217.23 |
| | Work-in-progress | 189.93 | 258.44 |
| | Finished goods | 237.58 | 201.84 |
| | Traded goods | 12.91 | - |
| | Stores and spares | 27.80 | 70.13 |
| | | **1,188.21** | **1,747.64** |
| (a) | The above includes goods in transit as under: | | |
| | Raw Materials | 1.56 | 9.16 |
| | Finished goods | 11.88 | 21.22 |

(b) Inventories are hypothecated with the bankers against the working capital limit. {Refer note 25(C)}
(c) During the year ended March 31, 2018: Rs. 47.46 lacs (March 31, 2017: Rs. 347.46 lacs) was recognised as an expense for inventories carried at the net realisable value.

**9 CURRENT FINANCIAL ASSETS**

| | | | |
|---|---|---|---|
| (A) | **TRADE RECEIVABLES** | | |
| | **Unsecured** | | |
| | Trade receivables: considered good | 206.83 | 281.73 |
| | Trade receivables: considered doubtful | 114.40 | 58.16 |
| | Receivables from related parties- considered good refer note no. 26(4)} | 214.52 | 1,014.48 |
| | Total receivables (gross) | 535.75 | 1,354.37 |
| | Less: Impairment allowances for trade receivables considered doubtful | 114.40 | 58.16 |
| | | **421.35** | **1,296.21** |

Note:
a) Trade receivables are usually non-interest bearing are on trade terms of 30 to 90 days credit.
b) No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is partner, a director or a member.

| | | | |
|---|---|---|---|
| **(B)** | **CASH AND CASH EQUIVALENTS** | | |
| | Balances with banks: | | |
| | Current accounts | 0.18 | 2.15 |
| | Cheques on hand | 11.50 | - |
| | Cash on hand | 0.04 | 0.03 |
| | **(A)** | **11.72** | **2.18** |

Note: There are no restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

| | | | |
|---|---|---|---|
| **(C)** | **OTHER BANK BALANCES** | | |
| | Fixed deposits account having a original maturity period of more than twelve months | 1.83 | 1.72 |
| | **(B)** | **1.83** | **1.72** |
| | **(A+B)** | **13.55** | **3.90** |

Note:
(a) The deposits maintained by the Company with bank comprise of time deposits which may be withdrawn by the Company without prior notice and are of varying periods depending on the immediate cash requirements of the Company and earn interest at the respective Term deposit rates.
(b) Fixed deposits with original maturity of more than twelve months but remaining maturity of less than twelve months have been disclosed under other bank balances.

| | | | |
|---|---|---|---|
| **(D)** | **OTHER FINANCIAL ASSETS** | | |
| | **Unsecured** | | |
| | Security deposit and Earnest money - considered good | 23.15 | 30.31 |
| | Security deposit and Earnest money - considered doubtful | 19.01 | - |
| | Other financial assets (Gross) | 42.16 | 30.31 |
| | Less: Impairment allowances for financial assets | 19.01 | - |
| | | **23.15** | **30.31** |

| | | | |
|---|---|---|---|
| **10** | **OTHER CURRENT ASSETS** | | |
| | **Unsecured, considered good** | | |
| | **Advances other than capital advances** | | |
| | Advances against materials and services | 5.63 | 8.21 |
| | **Others** | | |
| | Prepaid expenses | 0.76 | 3.91 |
| | Balance with Statutory/ Government authorities: | | |
| | Goods and Service Tax | 227.85 | - |
| | Excise duty | - | 157.38 |
| | Service tax | - | 55.03 |
| | VAT | - | 76.17 |
| | Claims and other receivables | 103.50 | - |
| | Other deposit with Government authorities | 9.29 | 13.70 |
| | | **347.03** | **314.40** |

**PROMPTEC RENEWABLE ENERGY SOLUTIONS PRIVATE LIMITED**
**Notes to Financial Statement for the year ended March 31, 2018**

## 11 EQUITY

| | | As at March 31, 2018 Rs. in Lacs | As at March 31, 2017 Rs. in Lacs |
|---|---|---|---|
| **(A)** | Share Capital | | |
| **a)** | Equity share capital | | |
| | Authorized | | |
| | 30,00,000 equity shares of Rs.10/- each (March 31,2017 : 30,00,000 equity shares of Rs.10/- each ) | **300.00** | **300.00** |
| | Issued, subscribed and fully paid-up | | |
| | 26,36,226 equity shares of Rs.10/- each (March 31,2017 : 26,36,226 equity shares of Rs.10/- each ) | **263.62** | **263.62** |
| **b)** | Preference share capital | | |
| | Authorized | | |
| | 5,50,000 preference shares of Rs.10/- each (March 31,2017: 5,50,000 preference shares of Rs.10/- each) | **55.00** | **55.00** |
| | Issued, subscribed and fully paid-up | | |
| | Nil preference shares of Rs.10/- each (March 31,2017 :Nil preference shares of Rs.10/- each) | **-** | **-** |

**c) Reconciliation of the equity shares outstanding at the beginning and at the end of the year**

| | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | **No. of shares** | **(Rs.in lacs)** | **No. of shares** | **(Rs.in lacs)** |
| At the beginning of the year | 2,636,226 | 263.62 | 2,636,226 | 263.62 |
| Outstanding at the end of the year | 2,636,226 | 263.62 | 2,636,226 | 263.62 |

**Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.10/- per share (March 31, 2017: Rs10/- per share). Each holder of equity shares is entitled to one vote per share.

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

**c) Shares held by holding Company:**

Out of the equity Shares issued by the Company, shares held by its holding company are as follows:

| | As at March 31, 2018 (Rs.in lacs) | As at March 31, 2017 (Rs.in lacs) |
|---|---|---|
| Havells India Limited, the holding company<br>18,16,943 equity shares of Rs. 10/- each (March 31,2017 :18,16,943 equity shares of Rs. 10/- each) | 181.69 | 181.69 |

**d) Details of shareholders holding more than 5% shares in the Company is set out below (representing legal and beneficial ownership):**

| | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| **Equity shares of Rs. 10/- each.** | **No. of shares** | **% holding** | **No. of shares** | **% holding** |
| Havells India Limited, the holding company | 1,816,943 | 68.92% | 1,816,943 | 68.92% |
| Kiran Moras | 561,879 | 21.31% | 561,879 | 21.31% |
| Nikhil Das | 257,404 | 9.77% | 257,404 | 9.77% |

| | | As at March 31, 2018 Rs. in Lacs | As at March 31, 2017 Rs. in Lacs |
|---|---|---|---|
| **(B)** | **OTHER EQUITY** | | |
| | Capital reserve | 2.21 | 2.21 |
| | Security Premium account | 1,447.00 | 1,447.00 |
| | General Reserve | 2.26 | 2.26 |
| | Retained Earnings | (602.09) | (147.42) |
| | | 849.38 | 1,304.05 |
| **Notes:** | | | |
| a) | Capital Reserve | 2.21 | 2.21 |
| b) | Securities Premium Account | 1,447.00 | 1,447.00 |
| c) | General Reserve | 2.26 | 2.26 |
| **d)** | **Surplus as per the statement of profit and loss** | | |
| | Opening balance | (147.42) | (14.53) |
| | Net profit for the year | (450.16) | (134.36) |
| | **Items of other comprehensive income recognised directly in retained earnings** | - | - |
| | Remeasurement of post employment benefit obligation, net of tax (item of OCI) | (4.51) | 1.47 |
| | | (602.09) | (147.42) |
| | **Total Reserves and Surplus** | **849.38** | **1,304.05** |

**PROMPTEC RENEWABLE ENERGY SOLUTIONS PRIVATE LIMITED**
**Notes to Financial Statement for the year ended March 31, 2018**

| | | As at March 31, 2018 Rs. in Lacs | As at March 31, 2017 Rs. in Lacs |
|---|---|---|---|
| **12** | **NON CURRENT PROVISIONS** | | |
| | **i) Provision for employee benefits** | | |
| | Provision for Gratuity | 49.93 | 37.01 |
| | | **49.93** | **37.01** |
| | **ii) Other provisions** | | |
| | Product warranties (refer note no 14) | 33.81 | 50.97 |
| | | **33.81** | **50.97** |
| | | **83.74** | **87.98** |
| **13** | **CURRENT FINANCIAL LIABILITY** | | |
| **(A)** | **BORROWINGS** | | |
| | **Loans repayable on demand (secured)** | | |
| | Working capital demand loan from bank (refer note no. 25C) | 737.74 | 1,028.20 |
| | | **737.74** | **1,028.20** |
| **(B)** | **TRADE PAYABLES** | | |
| | Trade payables | | |
| | Total outstanding dues of creditors other than micro and small enterprises | 516.36 | 1,340.28 |
| | Total outstanding dues of micro and small enterprises | 66.61 | 113.37 |
| | | **582.97** | **1,453.65** |

* The amounts are unsecured and are usually paid within 120 days of recognition.
* Trade payables are usually non- interest bearing .In few cases ,where the trade payables are interest bearing, the interest is settled on quarterly basis.

a) Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended March 31, 2017 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with

| | | | |
|---|---|---|---|
| i) | Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act: | | |
| | Principal | 66.61 | 113.37 |
| | Interest | - | - |
| ii) | The amount of interest paid by the buyer in terms of section16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year. | 4.04 | - |
| iii) | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act. | - | - |
| iv) | The amount of interest accrued and remaining unpaid at the end of each accounting year. | - | - |
| v) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006 | - | - |
| vi) | The total dues of Micro and Small Enterprises which were outstanding for more than stipulated period. | - | - |

| | | | |
|---|---|---|---|
| **(C)** | **OTHER FINANCIAL LIABILITIES** | | |
| | Creditors for capital goods | - | 30.63 |
| | Trade deposits | 21.38 | 19.72 |
| | Other liabilities | | |
| | Payable for services | 14.09 | 19.66 |
| | Payable to employees | 24.70 | 39.62 |
| | | **60.17** | **109.63** |

| | As at March 31, 2018 Rs. in Lacs | As at March 31, 2017 Rs. in Lacs |
|---|---|---|
| **14 CURRENT PROVISIONS** | | |
| i) **Provision for employee benefits** | | |
| Gratuity {refer note no. 26(2)} | 15.16 | 12.01 |
| | **15.16** | **12.01** |
| ii) **Other provisions** | | |
| Product warranties (refer point below) | 25.23 | 9.93 |
| | **25.23** | **9.93** |
| | **40.39** | **21.94** |

**Note:**
A provision is recognized for expected warranty claims and after sales services on products sold during the last years, based on past experience of the level of repairs and returns. It is expected that significant portion of these costs will be incurred in the next financial year and all will have been incurred within subsequent years after the reporting date. Assumptions used to calculate the provisions for warranties were based on current sales levels and current information available about returns based on the warranty period for all products sold. The table below gives information about movement in warranty provisions.

| | | |
|---|---|---|
| At the beginning of the year | 60.90 | 35.80 |
| Arising during the year | 25.74 | 39.02 |
| Utilized during the year | (27.60) | (13.92) |
| **At the end of the year** | **59.04** | **60.90** |
| Current portion | 25.23 | 9.93 |
| Non-current portion (refer note no. 12) | 33.81 | 50.97 |

| | | |
|---|---|---|
| **15 OTHER CURRENT LIABILITIES** | | |
| Advances and progress payments from customers | 3.91 | 37.20 |
| Excise duty payable (refer point below) | - | 16.51 |
| Other statutory dues payable | 21.94 | 13.18 |
| | **25.85** | **66.89** |

**Note:**
The Company has made a provision of excise duty payable amounting to Rs. Nil (March 31, 2017: Rs.16.51 Lacs) on stocks of finished goods and scrap material at the end of the year. Excise duty is considered as an element of cost at the time of manufacture of goods till the applicability of Central Excise Act.

| | Year ended March 31, 2018 Rs.in Lacs | Year ended March 31, 2017 Rs.in Lacs |
|---|---|---|
| **16 REVENUE FROM OPERATIONS** | | |
| Sale of products (Including Excise Duty) | 5,548.15 | 8,498.14 |
| Sale of Services | 0.21 | 19.79 |
| | 5,548.36 | 8,517.93 |
| Other operating revenues | | |
| Scrap sales | 7.47 | 12.20 |
| Export Incentive | - | 0.04 |
| **Revenue from operations (gross)** | **5,555.83** | **8,530.17** |

**Note:**
Excise duty collected from customers included in sales of products amounting to Rs.89.84 lacs during the year ended March 31, 2018 (March 31,2017: Rs. 648.79 lacs) and in scrap sales amounting to Rs.0.46 lacs during the year ended March 31, 2018 (March 31, 2017: Rs. 1.25 lacs). Sales of product net of excise duty - Rs.5458.31 lacs for the year ended March 31, 2018 (March 31,2017: Rs. 7849.35 lacs ) and scrap sales net of Excise duty Rs. 7.01 lacs for the year ended March 31, 2018 (March 31,2017: Rs. 10.95 lacs).

| | | |
|---|---|---|
| **17 OTHER INCOME** | | |
| Interest received on financial assets carried at amortised cost: | | |
| Bank deposits | 0.14 | 0.12 |
| Other non-operating Income | | |
| Exchange fluctuations (net) | 0.80 | 8.43 |
| Liabilities no longer required written back | 4.78 | 3.45 |
| Provision for doubtful receivables written back | 2.38 | 3.02 |
| Profit on sale of assets (net) | - | 8.73 |
| Miscellaneous income | 1.14 | 1.63 |
| | **9.24** | **25.38** |
| **18 COST OF MATERIALS CONSUMED** | | |
| Inventory at the beginning of the year | 1,217.23 | 1,103.37 |
| Add: Purchases | 3,439.84 | 6,106.67 |
| | 4,657.07 | 7,210.04 |
| Inventory at the Closing of the year | 719.99 | 1,217.23 |
| Cost of raw material and components consumed | **3,937.08** | **5,992.81** |
| **19 PURCHASE OF TRADED GOODS** | | |
| Lighting and fixtures | 56.06 | - |
| | **56.06** | **-** |

PROMPTEC RENEWABLE ENERGY SOLUTIONS PRIVATE LIMITED
Notes to Financial Statement for the year ended March 31, 2018

| | | Year ended March 31, 2018 Rs.in Lacs | Year ended March 31, 2017 Rs.in Lacs | (Increase)/ Decrease |
|---|---|---|---|---|
| 20 | **CHANGE IN INVENTORIES OF FINISHED GOODS, TRADED GOODS AND WORK-IN-PROGRESS** | | | |
| | **Inventories at the end of the year** | | | |
| | Traded goods | 12.91 | - | (12.91) |
| | Finished goods | 237.58 | 201.84 | (35.74) |
| | Work in progress | 189.93 | 258.44 | 68.51 |
| | | **440.42** | **460.28** | **19.86** |
| | **Inventories at the beginning of the year** | | | |
| | Finished goods | 201.84 | 189.68 | (12.16) |
| | Work in progress | 258.44 | 216.84 | (41.60) |
| | | **460.28** | **406.52** | **(53.76)** |

| | | Year ended March 31, 2018 Rs.in lacs | Year ended March 31, 2017 Rs.in lacs |
|---|---|---|---|
| 21 | **EMPLOYEE BENEFITS EXPENSES** | | |
| | Salaries, wages, bonus, commission and other benefits | 646.40 | 782.63 |
| | Contribution towards PF, Family Pension and ESI | 39.26 | 41.58 |
| | Gratuity expense {refer note no. 26(2)} | 17.79 | 15.02 |
| | Staff welfare expenses | 11.22 | 20.78 |
| | | **714.67** | **860.01** |
| 22 | **FINANCE COSTS** | | |
| | Interest expense | 80.96 | 90.64 |
| | Bank charges | 3.55 | 6.56 |
| | | **84.51** | **97.20** |
| 23 | **DEPRECIATION AND AMORTISATION EXPENSES** | | |
| | Depreciation of tangible assets {refer note 3} | 91.18 | 84.01 |
| | Amortisation of intangible assets {refer note 4} | 4.48 | 4.36 |
| | | **95.66** | **88.37** |
| 24 | **OTHER EXPENSES** | | |
| | Consumption of stores and spares | 169.07 | 181.42 |
| | Power and fuel | 24.05 | 25.14 |
| | Job work charges | 276.47 | 382.50 |
| | Increase / (Decrease) in excise duty in inventory of finished goods and scrap | (16.51) | (1.12) |
| | Rent | 34.00 | 40.52 |
| | Repairs and maintenance: | | |
| | Plant and machinery | 8.29 | 33.96 |
| | Buildings | 2.43 | 7.59 |
| | Others | 13.61 | 16.65 |
| | Rates and taxes | 20.91 | 3.78 |
| | Insurance | 11.23 | 3.52 |
| | Travelling and conveyance | 57.93 | 85.09 |
| | Communication expenses | 12.49 | 17.48 |
| | Legal and professional charges | 17.39 | 20.18 |
| | Payment to Auditors | | |
| | As Auditors: | | |
| | Audit fee | 5.00 | 5.00 |
| | Tax Audit Fee | 1.00 | 1.00 |
| | Reimbursement of expenses | 1.43 | 0.41 |
| | Freight and forwarding expenses | 58.51 | 118.41 |
| | Service tax and custom duty paid | 7.10 | 8.48 |
| | Advertisement and sales promotion | 6.92 | 10.13 |
| | Commission on sales | 2.08 | 18.78 |
| | Product warranties and after sales services | 25.74 | 39.02 |
| | Loss on sale/ discard of fixed assets (net) | 0.28 | - |
| | Bad debts written off | 4.61 | 26.14 |
| | Provision for doubtful financial assets | 19.01 | - |
| | Provision for doubtful trade receivables | 58.62 | 58.16 |
| | Miscellaneous expenses | 32.51 | 57.40 |
| | | **854.17** | **1,159.64** |

**25 COMMITMENTS AND CONTINGENCIES**

| | As At March 31,2018 | (Rs.in lacs) As At March 31,2017 |
|---|---|---|
| **A Contingent liabilities (to the extent not provided for)** | | |
| Disputed tax liabilities in respect of pending cases before appellate authorities {Amount deposited under protest March 31, 2018: Rs.14.48 lacs (March 31, 2017: Rs. 14.48 lacs)} | 57.86 | 48.28 |

**Notes:**

The various disputed tax liabilities are as under :

| Sl. | Description | Period to which relates | Disputed amount | |
|---|---|---|---|---|
| a) | **Sales Tax / VAT** Show cause notices / demands raised by Sales tax / VAT department pending before Appellate Tribunal, Commercial Tax, Karnataka | FY 2012-13/2013-14 | 48.28 | 48.28 |
| b) | **Income Tax** Department has levied late filling fee on TDS returns and interest thereon u/s 234E and 220(2); appeal filed before the CIT(A), Bangalore | FY 2012-13/2013-14/2014-15 | 9.58 | - |
| | | | **57.86** | **48.28** |

| | March 31,2018 | (Rs.in lacs) March 31,2017 |
|---|---|---|
| **B Commitments** | | |
| Estimated amount of capital contracts remaining to be executed and not provided for (net of advances) | - | 4.04 |

**C Undrawn committed borrowing facility**

a) The Company has availed the Working capital loan from Yes Bank Limited amounting to Rs 737.74 lacs as on March 31, 2018 (March 31,2017: Rs 1,028.20 lacs). As at March 31, 2018 an amount of Rs.1262.24 lacs (March 31, 2017: 971.80 lacs) remain undrawan against the following terms and conditions:

b) The working Capital limit from Yes Bank is secured by way of:

- Whole of the Current Assets of the Company's stocks including raw material, semi-finished and finished goods, stores and spares relating to plant and machinery (consumable stores and spares), Bills receivables and book debts and all other receivables and movables (both present and future) whether lying or stored in or about or shall hereinafter from time to time during the security of these presents be brought into or upon or be stored or be in or about of the Company's Manufacturing units, premises and godowns situated anywhere.

- Whole of the Moveable Fixed Assets of the Company including Plant and Machinery located at Shibra Farms, Near 8th Mile, Tumkur Road, Bangalore – 560073 and Survey No. 250/2, Huchegowdanapalya, T. Begur, Village & Post – Nelamangala, Taluk, Bangalore, Rural District Bangalore – 562123 (both present and future).

- All the book debts and receivables (both present and future) of the Company including outstanding monies receivable claims and bills which are now due and owing or which may at any time hereafter during the continuance of this security become due and owing to the Company in the course of its business.

- Non-disposable undertaking from Havells India Limited, the Holding Company to maintain 51% shareholding in the Company.

**D Leases**

**Operating lease commitments - Company as lessee**

a) The Company has taken various residential/commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry. There are no restrictions placed upon the Company by entering into these leases and there are no subleases. The annual increments are expected to be in line with the expected general inflation to compensate the lessor for the expected inflationary cost increase.The Company has paid Rs. 34.00 lacs (previous year Rs.40.52 lacs) on account of rent of such premises.

**26 OTHER NOTES ON ACCOUNTS**

**1** The Company has incurred following expenditure on Research and Development:

| | | | As At March 31,2018 | (Rs. in lacs) As At March 31,2017 |
|---|---|---|---|---|
| a) | **Revenue Expenditure** | | | |
| | Cost of Materials Consumed | | 22.67 | 41.49 |
| | Employee Benefits Expenses | | 148.22 | 101.38 |
| | Other Expenses | | 1.45 | 15.46 |
| | | (A) | 172.34 | 158.33 |
| b) | **Capital Expenditure** | | | |
| | Property ,plant and equiptment | | 1.33 | 7.07 |
| | | (B) | **1.33** | **7.07** |
| | | (A+B) | **173.67** | **165.40** |

The reasearch and development facilities are located at the Head office,Bangalure and are approved by department of Scientific and Industrial Research, Ministry of Science and Technology, Govt. of India. The company is entitled to a weighted deduction of 150% of the expenditure incurred under section 35(2AB) of Income Tax Act,1961.

**2** Disclosures pursuant to Ind AS - 19 "Employee Benefits" (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015) are given below :

**Contribution to Defined Contribution Plan, recognised as expense for the year is as under:**

| | As At March 31,2018 | (Rs. in lacs) As At March 31,2017 |
|---|---|---|
| Employer's Contribution towards Provident Fund (PF) | 30.50 | 34.27 |
| Employer's Contribution towards Employee State Insurance (ESI) | 8.76 | 7.31 |
| | **39.26** | **41.58** |

**Defined Benefit Plan**

Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

| | | March 31,2018 | (Rs. in lacs) March 31,2017 |
|---|---|---|---|
| a) | **Reconciliation of opening and closing balances of Defined Benefit obligation** | | |
| | Present Value of Defined Benefit obligation at beginning of the year | 49.02 | 45.13 |
| | Interest Expense | 2.86 | 3.02 |
| | Current Service Cost | 11.25 | 12.00 |
| | Benefit paid | (8.16) | (9.00) |
| | Remeasurement of (Gain)/loss in other comprehensive income | | |
| | Actuarial changes arising from changes in demographic assumptions | - | - |
| | Actuarial changes arising from changes in financial assumptions | (1.27) | 1.49 |
| | Actuarial changes arising from changes in experience adjustments | 7.71 | (3.62) |
| | Past Service Cost | 3.68 | - |
| | Defined Benefit obligation at year end | **65.09** | **49.02** |
| b) | **Net asset/ (liability) recognised in the balance sheet** | | |
| | Fair value of plan assets | - | - |
| | Present value of defined benefit obligation | (65.09) | (49.02) |
| | Amount recognised in Balance Sheet- Asset / (Liability) | **(65.09)** | **(49.02)** |
| c) | **Net Benefit Expense (Recognised in the Statement of profit and loss for the year )** | | |
| | Current Service Cost | 14.93 | 12.00 |
| | Net Interest Cost | 2.86 | 3.02 |
| | Net Defined Benefit Cost debited to statement of profit and loss | **17.79** | **15.02** |
| d) | **Remeasurement (gain)/ loss recognised in Other Comprehensive Income** | | |
| | Actuarial changes arising from changes in demographic assumptions | - | - |
| | Actuarial changes arising from changes in financial assumptions | (1.27) | 1.49 |
| | Actuarial changes arising from changes in experience adjustments | 7.71 | (3.62) |
| | Return on Plan assets excluding interest income | - | - |
| | **Recognised in other comprehensive income** | **6.44** | **(2.13)** |
| e) | **Principal assumptions used in determining defined benefit obligation** | | |
| | | **March 31,2018** | **March 31,2017** |
| | Discount rate (per annum) | 7.25% | 6.65% |
| | Salary escalation | 9.00% | 9.00% |
| | Attrition Rate | 28.00% | 28.00% |
| f) | **Quantitative sensitivity analysis for significant assumptions is as below** | | |
| | Increase / (decrease) on present value of defined benefits obligations at the end of the year | **March 31,2018** | **March 31,2017** |
| | Discount Rate | | |
| | Increase by 0.50% | (1.02) | (0.79) |
| | Decrease by 0.50% | 1.05 | 0.83 |
| | Salary Increase | | |
| | Increase by 0.50% | 0.99 | 0.72 |
| | Decrease by 0.50% | (0.96) | (0.69) |
| | Attrition Rate | | |
| | Increase by 10% | (0.96) | (1.01) |
| | Decrease by 10% | 1.12 | 1.14 |
| g) | **Maturity profile of defined benefit obligation** | | |
| | Within the next 12 months (next annual reporting period) | 15.16 | 12.00 |
| | Between 1 and 5 years | 43.30 | 30.43 |
| | Between 5 and 10 years | 19.57 | 15.07 |
| | **Total expected payments** | | |

h) The Company has not maintained any fund for the plan assets during the year.

i) The average duration of the defined benefit plan obligation at the end of the reporting period is 25.70 years (previous year 27.05 years).

j) The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary.

k) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

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

m) The company expects the expected benefit payments to employees March 31,2018 :- Rs. 15.16 Lacs (March 31,2017:- Rs 12.00 Lacs) during the next financial year.

**3 Segment Reporting**

As the company's business activity primary falls within a single business and geographical segment,in view of the same, separate segment information is not required to be given as per requirements of Ind AS -108. However other disclosures required by Ind AS 108 are as follows:

| | March 31,2018 | (Rs. in lacs) March 31,2017 |
|---|---|---|
| **Revenue from external customers** | | |
| India | 5,555.83 | 8,526.38 |
| Outside India | - | 3.79 |
| **Total revenue per statement of profit and loss** | **5,555.83** | **8,530.17** |

The revenue information above is based on the locations of the customers
Revenue from one customer amounted to INR 4,901.83 lacs (31 March 2017: INR 5,492.70 lacs), arising from sales of goods.

| | March 31,2018 | (Rs. in lacs) March 31,2017 |
|---|---|---|
| **Non-Current assets** | | |
| India | 615.60 | 743.52 |
| Outside India | - | - |
| **Total** | **615.60** | **743.52** |

Non-current assets for this purpose consist of property, plant and equipment, Capital work-in-progress, intangible assets and other non-current assets.

**4 Related party transactions**

The related parties as per the terms of Ind AS-24,"Related Party Disclosures", ( specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015 ) are disclosed below:-

**(A) Names of related parties and description of relationship :**

| **Holding Company** | **Relationship** |
|---|---|
| 1 Havells India Limited | Holding Company |
| **Key Management Personnel** | |
| 1 Shri Kiran Moras | Director |
| 2 Shri Joshy P P | Director (upto June,8, 2016) |

(Rs. in lacs)

| **(B) Transactions during the year** | **March 31,2018** | **March 31,2017** |
|---|---|---|
| (i) **Sales of Finished Goods** | | |
| **Holding Company** | | |
| Havells India Limited | 4,901.83 | 5,492.70 |
| | 4,901.83 | 5,492.70 |
| (ii) **Purchase of Finished Goods** | | |
| **Holding Company** | | |
| Havells India Limited | 138.10 | 20.23 |
| | 138.10 | 20.23 |
| (iii) **Re-imbursement of Expenses Paid** | | |
| **Holding Company** | | |
| Havells India Limited | 115.76 | 100.57 |
| **Key Management Personnel** | | |
| Shri Kiran Moras | 7.05 | 5.02 |
| Shri Joshy P P | - | 0.45 |
| Shri Nikhil Dass | - | - |
| | 122.81 | 106.04 |
| (iv) **Re-imbursement of Expenses Received** | | |
| **Holding Company** | | |
| Havells India Limited | 267.46 | 112.38 |
| | 267.46 | 112.38 |
| (v) **Managerial remuneration** | | |
| **Key Management Personnel** | | |
| **Salaries,Wages,Bonus,Commission and other benefits** | | |
| Shri Kiran Moras | 43.52 | 43.87 |
| Shri Joshy P P | - | 42.05 |
| **Total Managerial remuneration** | 43.52 | 85.92 |
| **(C) Balances at the year end** | | |
| (i) **Amount Receivables** | | |
| **Holding Company** | | |
| Havells India Limited | 214.52 | 1,014.48 |
| | 214.52 | 1,014.48 |

a) The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties .This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

b) All the liabilities for post retirement benefits being 'Gratuity' are provided on actuarial basis for the company as a whole, the amount pertaining to Key management personnel are not included above.

c) Figures mentioned above are inclusive of taxes wherever applicable.

**5 Fair values measurements**

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

(Rs. In lacs)

| **Financial instruments by category** | **Carrying Value** | | **Fair Value** | |
|---|---|---|---|---|
| | **As At March 31,2018** | **As At March 31,2017** | **As At March 31,2018** | **As At March 31,2017** |
| **Financial assets at amortised cost** | | | | |
| Trade Receivables | 421.35 | 1296.21 | 421.35 | 1,296.21 |
| Cash and bank balances | 13.55 | 3.90 | 13.55 | 3.90 |
| Other Financial Assets (current) | 23.15 | 30.31 | 23.15 | 30.31 |
| Other Financial Assets (non current) | 41.28 | 45.30 | 41.28 | 45.30 |
| | **499.33** | **1375.72** | **499.33** | **1375.72** |
| **Financial Liabilities at amortised cost** | | | | |
| Trade Payables | 582.97 | 1453.65 | 582.97 | 1,453.65 |
| Borrowings (current) | 737.74 | 1028.20 | 737.74 | 1,028.20 |
| Other financial liabilities (current) | 60.17 | 109.63 | 60.17 | 109.63 |
| | **1,380.88** | **2,591.48** | **1,380.88** | **2,591.48** |

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1) The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

2) The fair values of the Company's interest-bearing borrowings and loans are determined by using Discounted cash flow method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2018 was assessed to be insignificant

3) Long-term receivables/payables are evaluated by the Company based on parameters such as interest rates, risk factors, individual creditworthiness of the counterparty and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

4) The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2018, are as shown below

**Fair value hierarchy**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

**Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2018**

| **Assets carried at amortized cost for which fair value are disclosed** | **Carrying Value March 31,2018** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|---|
| Trade Receivables | 421.35 | - | - | 421.35 |
| Cash and bank balances | 13.55 | - | - | 13.55 |
| Other Financial assets (non-current) | 41.28 | - | - | 41.28 |
| Other Financial assets (current) | 23.15 | - | - | 23.15 |
| | | | | |
| **Liabilities carried at amortized cost for which fair value are disclosed** | | | | |
| Trade Payables | 582.97 | - | - | 582.97 |
| Borrowings (current) | 737.74 | - | - | 737.74 |
| Other financial liabilities (current) | 60.17 | - | - | 60.17 |

**Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2017**

| **Assets carried at amortized cost for which fair value are disclosed** | **Carrying Value March 31,2017** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|---|
| Trade Receivables | 1296.21 | - | - | 1296.21 |
| Cash and bank balances | 3.90 | - | - | 3.90 |
| Other Financial assets (non-current) | 45.30 | - | - | 45.30 |
| Other Financial assets (current) | 30.31 | - | - | 30.31 |
| | | | | |
| **Liabilities carried at amortized cost for which fair value are disclosed** | | | | |
| Trade Payables | 1453.65 | - | - | 1453.65 |
| Borrowings (current) | 1028.20 | - | - | 1028.20 |
| Other financial liabilities (current) | 109.63 | - | - | 109.63 |

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

**6 Financial risk management objectives and policies**

The Company’s principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company’s operations. The Company’s principal financial assets include loans, trade and other receivables, and cash and cash equivalents that are derived directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the company are accountable to the Board of Directors. This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized as below:

**(a) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at March 31 2018.The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2018.

**(i) Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company’s exposure to the risk of changes in foreign exchange rates relates primarily to the Company’s operating activities (when revenue or expense is denominated in foreign currency). Foreign currency exchange rate exposure is party balanced by purchasing of goods from the respective countries. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows establish risk management policies.

**Foreign currency risk sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the company profit before tax is due to changes in the fair value of monetary assets and liabilities. Foreign currency exposures recognized by the Company that have not been hedged by a derivative instrument or otherwise are as under:

| | | | **March 31,2018** | | | |
|---|---|---|---|---|---|---|
| **Description of Currency** | **Currency Symbol** | | **Foreign Currency** | **Indian Rupees** | **1% increase** | **1% decrease** |
| United States Dollar | USD | $ | (0.59) | (38.53) | (0.39) | 0.39 |

| | | | **March 31,2017** | | | |
|---|---|---|---|---|---|---|
| **Currency** | **Currency Symbol** | | **Foreign Currency** | **Indian Rupees** | **1% increase** | **1% decrease** |
| United States Dollar | USD | $ | (5.49) | (356.08) | (3.56) | 3.56 |

**Note:**
Figures in bracket represents payables

**(ii) Interest Rate Risk**

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligation at floating interest rates.The Company's borrowings outstanding as at March 31, 2018 comprise of working capital loan at flaoting rate of interest.

**Interest rate Sensitivity of Borrowings**

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rates on floating rate portion of loans and borrowings.

(Rs. In lacs)

| March 31, 2018 | Increase/decrease in basis points | Impact on profit before tax |
|---|---|---|
| 'Working capital demand loan from bank | +0.50 | (3.69) |
| | -0.50 | 3.69 |
| **March 31, 2017** | | |
| 'Working capital demand loan from bank | +0.50 | (0.42) |
| | -0.50 | 0.42 |

**(b) Credit Risk**

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

**(i) Trade Receivables**

Customer credit risk is managed by business heads subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

**(ii) Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made in bank deposits. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2018 is the carrying amounts. The Company's maximum exposure relating to financial is noted in the liquidity table below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtors failing to engage in the repayment plan with the Company.

| | As at March 31,2018 Rs in lacs | As at March 31,2017 Rs in lacs |
|---|---|---|
| **Financial assets for which allowance is measured using 12 months Expected Credit Loss Method (ECL)** | | |
| Cash and Bank balance | 13.55 | 3.90 |
| Other Current financial assets | 23.15 | 30.31 |
| Other Non-current financial assets | 41.28 | 45.30 |
| | **77.98** | **79.51** |
| **Financial assets for which allowance is measured using Life time Expected Credit Loss Method (ECL)** | | |
| Trade Receivables | 421.35 | 1296.21 |
| | **421.35** | **1,296.21** |

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks

The ageing analysis of trade receivables (gross of provision) has been considered from the date the invoice falls due

| Particulars | As at March 31,2018 Rs in lacs | As at March 31,2017 Rs in lacs |
|---|---|---|
| Neither past due nor impaired | 335.33 | 1,042.71 |
| 0 to 180 days due past due date | 86.02 | 47.46 |
| More than 180 days past due date | 114.40 | 206.04 |
| **Total Trade Receivables (gross of provision)** | **535.75** | **1,296.21** |

| The following table summarises the change in loss allowance measured using the life time expected credit loss model: | | |
|---|---|---|
| At the beginning of the year | 58.16 | - |
| Provision during the year | 58.62 | 84.30 |
| Reversal of provision | (2.38) | - |
| Bad debts written off | - | (26.14) |
| **At the end of the year** | **114.40** | **58.16** |

**(c) Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Comapny closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short term bank deosits and cash credit facility. Processes and policies related to such risks are overseen by senior management. Mangement monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows. The Company assessed the concentration of risk with respect to its debt and concluded it to be low.

**Maturity profile of financial liabilities**

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

| As at March 31, 2018 | Less than 1 year | 1 to 5 years | Total |
|---|---|---|---|
| Borrowings | 737.74 | - | **737.74** |
| Trade payables | 582.97 | - | **582.97** |
| Other current financial liabilities | 60.17 | - | **60.17** |

| As at March 31, 2017 | Less than 1 year | 1 to 5 years | Total |
|---|---|---|---|
| Borrowings | 1,028.20 | - | **1,028.20** |
| Trade payables | 1,453.65 | - | **1,453.65** |
| Other current financial liabilities | 109.63 | - | **109.63** |

**(e) Capital Management**

For the purposes of Comapany's capital management, Capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and maximise shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements.

The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 0% to 50%

| Particulars | As at March 31,2018 (Rs in lacs) | As at March 31,2017 (Rs in lacs) |
|---|---|---|
| Cash and cash equivalents | 11.72 | 2.18 |
| Less: Loans and borrowings | 726.02 | 1,026.02 |
| **Net debt** | **714.30** | **1,023.84** |
| Equity | 1,113.00 | 1,567.67 |
| **Total Captial** | | |
| **Capital and Net debt** | 1,827.30 | 2,591.51 |
| **Gearing ratio (Net Debt/Capital and Net Debt)** | 39% | 40% |

**7 Earnings per share**

**a) Basic Earnings per share**

| | | March 31,2018 (Rs in lacs) | March 31,2017 (Rs in lacs) |
|---|---|---|---|
| Numerator for earnings per share | | | |
| Loss after taxation | | (450.16) | (134.36) |
| Denominator for earnings per share | | | |
| Weighted number of equity shares outstanding during the year | (Nos.) | 2,636,226 | 2,636,226 |
| Earnings per share-Basic (one equity share of Re. 10/- each) | Rs. | **(17.08)** | **(5.10)** |

**b) Diluted Earnings per share**

| | | | |
|---|---|---|---|
| Numerator for earnings per share | | | |
| Loss after taxation | | (450.16) | (134.36) |
| Denominator for earnings per share | | | |
| Weighted number of equity shares outstanding during the year | (Nos.) | 2,636,226 | 2,636,226 |
| Earnings per share-diluted (one equity share of Re. 10/- each) | Rs. | **(17.08)** | **(5.10)** |

**Note:**
There are no instruments issued by the company which have effect of dilution of basic earning per share

**8** The figures have been rounded off to the nearest lacs of rupees upto two decimal places. The figure 0.00 wherever stated represents value less than Rs. 500/-.
**9** Note No.1 to 26 form integral part of the balance sheet and statement of profit and loss.

**As per our report of even date**

**For and on behalf of Board of Directors**

**For S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Registration No. 301003E/E300005

Sd/-
**Rajiv Goel**
Director
DIN: 00714821

Sd/-
**Anil Kumar Bhasin**
Director
DIN: 07179675

Sd/-
**Nikhil Das Sivadasan**
Director
DIN: 02257140

Sd/-
**Per Manoj Kumar Gupta**
Partner
Membership No. 83906
Noida, May 07,2018

Sd/-
Manish Bansal
Authorised Signatory