



# M. R. SHARMA & CO.

CHARTERED ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Arrowhead Seperation Engineering Private Limited  
Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying financial statements of **Arrowhead Seperation Engineering Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2021, and the Statement of Profit and Loss for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its Loss for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.



## **Other Information**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditors' report thereon.

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

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

## **Management's Responsibility for the Standalone Financial Statements**

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit / loss (including other comprehensive income), in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

## **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.





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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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


1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by Section 143(3) of the Act, we report that:



- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, Section 143 (3) (1) is not applicable to the Company.
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company is not required to make any provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):  
In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For M R Sharma & Co  
Chartered Accountants  
Firm's Registration Number. 109965W

  
C A Hemant Mhambrey  
Partner

Membership Number :-38238  
Place :- Mumbai  
Date :- 09-11-2021  
UDIN : 21038238AAAAAY3532





## ANEXURE A TO AUDITOR'S REPORT

Referred to in Paragraph 1 of my report of even date.

- i) On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:-
- a) The Company has maintained proper records showing full particulars and situation of Fixed Assets. As explained to us, all the assets have been physically verified by the Management at reasonable intervals during the period. According to the information & explanation given to us no material discrepancies have been noticed on such physical verification as compared to the book records.
- ii) (a) The Management has conducted physical verification at reasonable intervals in respect of raw materials, stores and spare parts.
- (b) As explained to us, the procedures of physical verification of the above referred stocks followed by the Management are, in our opinion reasonable and adequate in relation to the size of the Company and the nature of its business
- (c) There were no discrepancies noticed on physical verification of stocks, as compared to book records in so far as appears from my examination of the books.
- iii) The Company has not granted any loans, secured or unsecured, to any party.
- iv) In our opinion and according to the information and explanation given to us, the Company has not entered into any transaction covered by sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investment and providing guarantees and securities, as applicable.
- (v) According to the information and explanation given to us, the Company has not accepted any deposits from the public.
- vi) The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 for the Company.
- vii) [a] According to the records of the Company, the Company is irregular in depositing with appropriate authorities undisputed statutory dues. The following dues are outstanding as at the last day of the financial year concerned for a period of more than 6 months from the day they become payable .Income Tax Rs.39,87,399/-.



- [b] According to the information and explanations given to us and the records of the Company examined by us , there are no statutory dues outstanding due to pending disputes.
- viii) Based on our audit procedure and on the information and explanation given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xi) The term loans obtained by the company have been applied for the purpose for which they were raised.
- (x) According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the Company, has been noticed or reported by the Company during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of the erstwhile Companies Act, 1956 and Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M R Sharma & Co  
Chartered Accountants  
Firm's Registration Number. 109965W



CA Hemant Mhambrey  
Partner

Membership Number :-038238

Place :- Mumbai

Date :- 09-11-2021

UDIN : 21038238AAAAAY3532







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## Annexure "A" to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Arrowhead Engineering Separation Private Limited** ("the Company") as of 31<sup>st</sup> March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

#### Auditors' Responsibility

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

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

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



### Meaning of Internal Financial Controls over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

### Opinion

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

For M R Sharma & Co  
Chartered Accountants  
Firm's Registration Number. 109965W



C A Hemant Mhambrey  
Partner

Membership Number :-38238  
Place :- Mumbai  
Date :- 09-11-2021  
UDIN : 21038238AAAAAY3532





**ARROWHEAD SEPERATION ENGG.PVT. LTD.**  
**BALANCE SHEET AS AT 31ST MARCH 2021**

Particulars		Note No.	Figures as at 31st March 2021	Figures as at 31st March 2020
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
1	Shareholders' funds			
	(a) Share capital	1	80,82,000	80,82,000
	(b) Reserves and surplus	2	50,59,051	2,24,44,555
			1,31,41,051	3,05,26,555
2	Non-current liabilities			
	(a) Long-term borrowings	3	2,01,15,884	1,53,96,007
	(b) Other long term liabilities	4	74,93,676	68,75,000
	(c) Long-term provisions	5	1,06,80,425	1,10,61,652
			3,82,89,985	3,33,32,659
3	Current liabilities			
	(a) Short-term borrowings	6	3,24,49,107	3,55,47,580
	(b) Trade payables	7	3,07,30,875	2,42,15,590
	(c) Other current liabilities	8	3,48,29,080	2,85,07,502
	(d) Short-term provisions	9	73,02,835	62,58,478
			10,53,11,897	9,45,29,150
	<b>TOTAL</b>		<b>15,67,42,933</b>	<b>15,83,88,364</b>
<b>II.</b>	<b>ASSETS</b>			
	<b>Non-current assets</b>			
1	(a) Fixed assets			
	(i) Tangible assets	10. a	34,38,569	38,69,616
	(ii) Intangible assets	10. b	3,19,479	5,41,364
	(b) Deferred tax assets (Net)	11	1,27,366	1,31,538
			38,85,414	45,42,518
2	Current assets			
	(a) Inventories	12	6,37,40,816	6,22,44,929
	(b) Trade receivables	13	6,49,43,732	6,93,45,271
	(c) Cash and cash equivalents	14	1,35,53,930	90,28,453
	(d) Short-term loans and advances	15	1,06,19,041	1,32,27,193
			15,28,57,519	15,38,45,846
	<b>TOTAL</b>		<b>15,67,42,933</b>	<b>15,83,88,364</b>

Summary of Significant Accounting Policies

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Notes referred to above form an integral part of the Balance sheet and should be read in conjunction therewith.

As per our report of even date attached.

For M/S M.R. Sharma & Co.

Chartered Accountants

FRN : 109965W



CA Hemant Mhambrey  
Partner

Membership No: 038238

Date : 9th November, 2021



For and on behalf of the Board of Directors



Jyoti Mundle  
Director



Ajit Mundle  
Director

Date : 9th November, 2021

**ARROWHEAD SEPERATION ENGG.PVT. LTD.**  
**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021**

Particulars		Refer Note No.	Figures for the year ended on 31st March 2021	Figures for the year ended on 31st March 2020
I	Revenue			
	Revenue from Operations			
	Sale of products	16	9,12,28,663	18,05,47,475
	Net Revenue from Operations		9,12,28,663	18,05,47,475
	Other income	17	4,34,241	7,22,877
	Changes in inventories of Stock-in-Trade & W.I.P	18	20,55,400	(1,48,62,400)
	<b>Total Revenue</b>		<b>9,37,18,304</b>	<b>16,64,07,952</b>
II	<b>Expenses:</b>			
	Cost of Raw Material, Components consumed	19	4,47,73,964	7,27,65,024
	Other manufacturing expenses	20	1,88,41,298	3,13,65,157
	Employee benefits expense	21	2,30,23,313	3,19,60,452
	Sales, administration and other expenses	22	1,00,03,359	2,11,83,898
	Finance costs	23	81,94,520	80,12,660
	Depreciation and amortisation expense	10	6,45,868	7,86,578
	<b>Total expenses</b>		<b>10,54,82,322</b>	<b>16,60,73,769</b>
	Profit before exceptional and extraordinary items and tax		(1,17,64,018)	3,34,183
	Tax expense:	24		
	Current tax		0	84,000
	Deferred tax		4,172	(62,316)
	Prior Year Taxes Paid		56,10,250	0
<b>Profit after tax carried to Balance Sheet</b>		<b>(1,73,78,440)</b>	<b>3,12,499</b>	
Earnings per equity share:				
(1) Basic		(215.03)	3.87	
(2) Diluted		(215.03)	3.87	

Summary of Significant Accounting Policies 25  
Notes referred to above form an integral part of the Profit and Loss Statement and should be read in conjunction therewith.

As per our report of even date attached.  
For M/S M.R. Sharma & Co.  
Chartered Accountants  
FRN : 109965W

CA Hemant Mhambrey  
Partner  
Membership No: 038238  
Date : 9th November, 2021



For and on behalf of the Board of Directors

*Mr Jyoti Mundle*

Jyoti Mundle  
Director

*Ajit Mundle*  
Ajit Mundle  
Director

Date : 9th November, 2021



## Note 1 Share Capital

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
<u>Authorised</u>				
Equity Shares of Rs. 100 each	1,00,000	1,00,00,000	1,00,000	1,00,00,000
<u>Issued</u>				
Equity Shares of Rs. 100 each	80,820	80,82,000	80,820	80,82,000
<u>Subscribed &amp; fully Paid up</u>				
Equity Shares of Rs. 100 each fully paid	80,820	80,82,000	80,820	80,82,000
<b>Total</b>	<b>80,820</b>	<b>80,82,000</b>	<b>80,820</b>	<b>80,82,000</b>

## Note 1 (a) Reconciliation of shares outstanding at the beginning and end of the year

Particulars	Equity Shares			
	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	80,820	80,82,000	80,820	80,82,000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Any other movement (please specify)	-	-	-	-
Shares outstanding at the end of the year	<b>80,820</b>	<b>80,82,000</b>	<b>80,820</b>	<b>80,82,000</b>

## Note 1(b) List of shareholders holding more than 5% shares

Name of Shareholder	Equity Shares			
	As at 31 March 2021		As at 31 March 2020	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr. Ajit Mundie	11,580	14%	11,580	14%
Mrs. Jyoti Mundie	13,530	17%	13,530	17%
Mr. Jayant Akhave	12,000	15%	12,000	15%
M/s R Simon Dryers.	40,410	50%	40,410	50%

## Note 2 Reserves and Surplus

Particulars	As at 31 March 2021	As at 31 March 2020
<u>a. Other Reserves (General Reserve)</u>		
Opening Balance	19,63,036	19,63,036
(+) Current Year Transfer	-	-
(+) Depreciation adjusted as per Co Act 2013	-7,064	-
Closing Balance	<b>19,55,972</b>	<b>19,63,036</b>
<u>b. Surplus</u>		
Opening balance	2,04,81,519	2,01,69,020
(+) Net Profit/(Net Loss) For the current year	-1,73,78,440	3,12,499
(-) Proposed Dividends	-	-
(-) Interim Dividends	-	-
(-) Transfer to Reserves	-	-
(-) Prior year Tax Payments	-	-
Closing Balance	<b>31,03,079</b>	<b>2,04,81,519</b>
<b>Total</b>	<b>50,59,051</b>	<b>2,24,44,555</b>

## Note 3 Long-term borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
<u>Secured</u>		
Term loan from Future Capital Financial Services Ltd	-	5,36,701
Yes Bank - Car Loan	7,32,780	9,55,187
Term loan against Property - DHFL	1,28,83,104	1,31,76,119
OD against FDR - IDBI	-	7,28,000
Covid 19 ( Additional 20% Finance from IDBI )	65,00,000	-
<b>Total</b>	<b>2,01,15,884</b>	<b>1,53,96,007</b>

## Note 4 Other long term Liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
<u>Unsecured</u>		
Transfer Systems	45,00,000	45,00,000
Mr. A. S. Mundie	7,50,000	7,50,000
M/S Siemens Factoring Pvt. Ltd	-	16,25,000
Fullerton India Credit Company Ltd.	22,43,676	-
<b>Total</b>	<b>74,93,676</b>	<b>68,75,000</b>



*(Handwritten signatures)*

Note 5 Long Term Provisions

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Provision for employee benefits Gratuity (unfunded)	1,06,80,425	1,10,61,652
<b>Total</b>	<b>1,06,80,425</b>	<b>1,10,61,652</b>

Note 6 Short Term Borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
Secured IDBI Bank Ltd	3,24,49,107	3,55,47,580
<b>Total</b>	<b>3,24,49,107</b>	<b>3,55,47,580</b>

Note 7 Trade payables

Particulars	As at 31 March 2021	As at 31 March 2020
Trade payables Other than Acceptances	3,07,30,875	2,42,15,590
<b>Total</b>	<b>3,07,30,875</b>	<b>2,42,15,590</b>

Note 8 Other Current Liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Other payables		
(i) Statutory remittances	1,01,06,876	1,17,05,130
(ii) Advances from customers	2,47,22,204	1,68,02,372
<b>Total</b>	<b>3,48,29,080</b>	<b>2,85,07,502</b>

Note 9 Short Term Provisions

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Provisions Others		
(i) Outstanding Liabilities	73,02,835	62,58,478
<b>Total</b>	<b>73,02,835</b>	<b>62,58,478</b>

Note 11 Deferred Tax Assets

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred tax (liability) / asset		
Tax effect of items constituting deferred tax Assets On difference between book balance and tax balance of fixed assets	75,082	95,840
	75,082	95,840
Tax effect of items constituting deferred tax assets		
Service Tax & Professional Tax	52,284	35,698
<b>Net deferred tax (liability) / asset</b>	<b>1,27,366</b>	<b>1,31,538</b>

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Note Inventories  
12

Particulars	As at 31 March 2021	As at 31 March 2020
a) Raw material	55,15,216	60,74,729
b) Work in progress	5,82,25,600	5,61,70,200
<b>Total</b>	<b>6,37,40,816</b>	<b>6,22,44,929</b>

Note Trade Receivables  
13

Particulars	As at 31 March 2021	As at 31 March 2020
a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment Unsecured, considered good	5,41,66,937	5,17,97,331
b) Other Trade receivables Unsecured, considered good	1,07,76,795	1,75,47,940
<b>Total</b>	<b>6,49,43,732</b>	<b>6,93,45,271</b>

Note Cash and Cash Equivalents  
14

Particulars	As at 31 March 2021		As at 31 March 2020	
a. Balances with banks*				
(i) In current accounts	48,35,867		4,40,935	
(ii) In deposits accounts with less than 12 months maturity (including accrued interest)				
(iii) In deposits accounts with more than 12 months maturity (including accrued interest)	85,94,039	1,34,29,906	84,42,349	88,83,284
b. Cash on hand		1,24,024		1,45,169
<b>Total</b>		<b>1,35,53,930</b>		<b>90,28,453</b>

Note Short-term Loans and Advances  
15

Particulars	As at 31 March 2021	As at 31 March 2020
a) Security deposit Unsecured considered good	4,25,716	4,25,716
b) Loans and advances to employees Unsecured considered good	32,08,290	19,13,075
c) Balance with of Government authorities Unsecured, considered good		
i) TDS	73,673	1,31,510
	73,673	1,31,510
d) Others Unsecured, considered good Advance to suppliers for material	69,11,362	1,07,56,892
<b>Total (a+b+c+d)</b>	<b>1,06,19,041</b>	<b>1,32,27,193</b>

*[Handwritten signature]*



Note 16 Details of Goods sold

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Stock in trade	-	-
Sales of Products ( Local )	8,92,14,128	17,28,26,522
Sales of Products ( Export )	2,62,764	44,79,637
Sales of Services	17,51,771	32,41,316
Total Sales	9,12,28,663	18,05,47,475

Note 17 Other Income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest Income (in case of a company other than a finance company)	4,34,241	6,48,289
Duty Draw back from custom	-	74,588
Total	4,34,241	7,22,877

Note 18

Details of changes in Inventory

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<u>Inventories at the end of the year:</u>		
Finished goods	0	0
Work-in-progress	5,82,25,600	5,61,70,200
Stock-in-trade	0	0
	5,82,25,600	5,61,70,200
<u>Inventories at the beginning of the year:</u>		
Finished goods	0	0
Work-in-progress	5,61,70,200	7,10,32,600
Stock-in-trade	0	0
	5,61,70,200	7,10,32,600
<b>Net (increase) / decrease</b>	<b>20,55,400</b>	<b>(1,48,62,400)</b>

Note 19

Details of cost of Raw materials consumed

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Opening Stock	60,74,729	55,59,010
Add : Purchases	4,42,14,451	7,32,80,743
	5,02,89,180	7,88,39,753
Less : Closing Stock	55,15,216	60,74,729
<b>Total</b>	<b>4,47,73,964</b>	<b>7,27,65,024</b>

*[Handwritten signature]*





## Note 20

## Details of Other Manufacturing Expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Power and Fuel	11,57,500	14,63,838
Sub contracting charges	1,45,67,913	2,50,63,447
Repairs and maintenance- Machinery	55,175	71,935
Freight and forwarding	27,46,089	42,57,261
Testing fees	3,14,621	5,08,676
<b>Total</b>	<b>1,88,41,298</b>	<b>3,13,65,157</b>

## Note 21 Employee Benefits Expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(a) Salaries and Wages	2,08,25,746	2,77,51,921
(b) Gratuity Expenses	5,35,416	23,74,903
(c) Contribution to Provident Fund	11,95,219	14,27,293
(d) Staff & Labour Welfare expenses	4,66,932	4,06,335
<b>Total</b>	<b>2,30,23,313</b>	<b>3,19,60,452</b>

## Note 22 Sales, administration and other expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Water	7,200	11,700
Rent	24,00,000	24,00,000
Repairs and maintenance- Others	3,93,950	4,67,864
Insurance	5,47,214	1,69,441
Rates & Taxes	3,18,086	91,050
Communication	1,92,712	2,55,583
Travelling and conveyance	9,94,006	15,85,027
Printing and stationery	58,107	98,164
Sales commission	-	10,000
Legal and professional	3,32,768	7,36,360
Bab Debts	-	10,56,528
Advertising Expenses	1,23,250	3,97,015
Directors' Remuneration	14,00,700	16,00,800
Prior Year Taxes Paid	-	79,38,068
Miscellaneous expenses	32,35,366	43,66,298
<b>Total</b>	<b>1,00,03,359</b>	<b>2,11,83,898</b>

## Note 23 Finance Cost

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest on bank borrowings	72,69,376	70,87,829
Bank Charges	9,25,144	9,24,831
<b>Total</b>	<b>81,94,520</b>	<b>80,12,660</b>

## Note 24 Tax Expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
a) Provision for current year Tax		84,000
b) Deferred tax		
Opening balance of deferred tax assets	1,31,538	69,222
Deferred tax assets at the end of the year	1,27,366	1,31,538
Provision for the year	4,172	-62,316
<b>Total</b>	<b>4,172</b>	<b>21,684</b>

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Details of Note 8

a) Others Payables- i) Statutory remittances

Sr No	Particulars	Amount
1	P.F Payable ( Employee Cont.-2020-21	552377
2	P.F Payable ( Employers Cont.-2019-20	793021
3	P.F Payable ( Employers Cont.-2020-21	961026
4	Professional Tax Payable	339050
5	Provision for Income Tax A/Y 2015-16	2272399
6	Provision for Income Tax A/Y 2010-11	855000
7	Provision for Income Tax A/Y-2009-10	860000
8	TDS Payable-Contractor	199891
9	TDS Payable-Salary	139035
10	TDS Payable-Profession	17700
11	TDS Payable-Rent	180000
12	TDS Payable-Interest	7841
13	ESIC payable Employee	12934
14	Sales Tax Defered Payment	975981
15	GST payable	1831686
16	TCS @0.075% payable- March 21	53919
17	RCM CGST Payable	27508
18	RCM SGST Payable	27508
	Total	10106876

Details of Note 9

a) Provision others - i) Outstanding Liabilities

Sr No	Particulars	Amount
1	Directors Remuneration payable-ASM	217595
2	Directors Remuneration payable-JVM	205235
3	Salary payable	2368562
4	Wages Payable	3658744
5	Ex Employees Dues	852699
	Total	7302835

Details of Note 24

Sales, administration and other expenses

Miscellaneous Expenses

Sr No	Particulars	Amount
1	Computer Exp	22774
2	Diesel for Generator	141027
3	Miscellaneous Exp.	226957
4	Postage & Courier	82815
5	Reserch & Development Exp.	5295
6	Security Charges	1382199
7	Vehicle Hire Charges	927596
8	Vehicle Maintenses Charges	76071
9	Vehicle Petrol Exp.	179942
10	Fees & licences	90690
11	Audit Fees	100000
	Total	3235366

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Note 10  
Fixed Assets

Particulars	Gross Block			Accumulated Depreciation		Net Block	
	Balance as at 1 April 2020	Additions/ (Disposals)	Depreciation adjustment as per companies Act, 2013 transferred to Reserves	Balance as at 31 March 2021	Balance as at 1 April 2020	Depreciation charge for the year	Balance as at 31 March 2021
<b>a</b>							
Tangible Assets (Not Under Lease)							
Land	664503.00			6,64,503			6,64,503
Factory Building	7985775.00			79,85,775		98892	19,31,755
Plant and Machinery	7943365.00		7,064	79,36,301	5955128	48123	2,17,749
Furniture and Fixtures	9,38,240.00			9,38,240	7670429	22,205	63,561
Office equipment	23,00,709.00			23,00,709	8,52,474	-	-
Computers	14,44,892.00			14,44,892	23,00,709	-	-
Vehicles	13,03,310			13,03,310	14,44,892	2,54,763	5,61,001
<b>Total</b>	<b>2,25,80,794</b>	<b>-</b>	<b>7,064</b>	<b>2,25,73,730</b>	<b>1,87,11,178</b>	<b>4,23,983</b>	<b>34,38,569</b>
Previous Year	2,25,80,794	-	-	2,25,80,794	1,77,85,732	5,64,693	38,69,616
<b>b</b>							
Intangible Assets							
Computer software	30,16,530			30,16,530	24,75,166	2,21,885	3,19,479
<b>Total</b>	<b>30,16,530</b>	<b>-</b>	<b>-</b>	<b>30,16,530</b>	<b>24,75,166</b>	<b>2,21,885</b>	<b>3,19,479</b>
Previous Year	30,16,530	-	-	30,16,530	22,53,281	2,21,885	5,41,364
<b>Total a + b</b>	<b>2,55,97,324</b>	<b>-</b>	<b>7,064</b>	<b>2,55,90,260</b>	<b>2,11,86,344</b>	<b>6,45,868</b>	<b>37,58,048</b>
Previous Year	2,55,97,324	-	-	2,55,97,324	2,00,39,013	7,86,578	44,10,980

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**ARROWHEAD SEPERATION ENGG. PVT. LTD.**

**Additional information to the financial statements**

**Note 25**

- A Amounts in the financial statements are presented in nearest rupee  
The previous period figures have been regrouped/reclassified, wherever necessary to conform to the current period presentation.
- B Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

The company has not received any intimation from the suppliers regarding Status under the Micro, Small and Medium Enterprises Development Act, 2006 and thereof no such disclosure under the said Act is considered necessary.

- C Foreign exchange: Transactions  
Particulars

	<u>As at March 31,</u>	<u>As at March 31,</u>
	2021 ( Rs in lacs)	2020 ( Rs in lacs)

A. Imports at CIF		
i) Raw Material	Nil	Nil
ii) Components & spare Parts	Nil	Nil
iii) Capital goods	Nil	Nil
B. Expenditure in Foreign Currency	Nil	Nil
C. Value of Export		
Export- F.O.B basis	2,62,764	44,79,637

The above reflects the foreign exchange commitment in the expenses of the Company

- D Related party transaction as per AS -18

List of related parties:

Description of relationship	Names of related parties
i) Associates	M/s. Transfer Systems
ii) Key Management Personnel (KMP)	Mr. Ajit S Mundle Mrs. Jyoti V Mundle

Details of related party transactions during the year ended 31 March, 2021 and balances outstanding at 31 March, 2021.

Particulars	Associates	Key Management Personnel (KMP)
Outside Processing Charges Paid to		
i) Transfer Systems	5549500	0
<b>Rent paid</b>		
i) Transfer Systems.	2400000	0
<b>d) Outstanding at period end:</b>		
Receivables		
i) Transfer Systems	1480154	0

- E **a. Particulars regarding Capacities and Production (as certified by the MANAGING DIRECTOR)**

Particulars	2020-21	2019-20
	Mudhegaon unit	Mudhegaon unit
i) Licensed Capacity	0	0
ii) Installed Capacity (as per Management's Estimates)	0	0
iii) Actual Production *	17	21



**b. Consumption of spare parts and consumables**

	% of total Completion	2020-21	% of total Completion	2019-20
Imported	0	0		0
Indigenous	100	4,47,73,964	100	7,27,65,024

**c. Details of Sale**

	Unit	2020-21 (Rs in lacs)	Unit	2019-20 (Rs in lacs)
<b>Manufactured</b>				
i) Dryers	14	668.34	17	1271.8
ii) Flakers	3	103.22	4	93.21
iii) Spares & Components	231	119.74	411	355.98
Scrap		3.47		7.27
<b>Traded</b>	0	0	0	0
<b>Total</b>		<b>894.77</b>		<b>1728.26</b>

**F**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>i</b> <u>Payments to the auditors comprises (net of service tax input)</u>		
As auditors - statutory audit	1,00,000	1,00,000
For taxation matters	Nil	Nil
For company law matters	Nil	Nil
<b>Total(i)</b>	<b>1,00,000</b>	<b>1,00,000</b>
<b>ii</b> <u>Managerial Remuneration</u>		
Amount paid to Directors including Managing Director		
(i) Remuneration	14,00,700	16,00,800

**G Segment Reporting**

As the company's activity falls within a single segment the disclosure requirements of accounting Standard 17 "Segment Reporting", issued by the Institute of Chartered Accountants of India is not applicable.

**H** Contingent Liabilities not provided in respect of the guarantees issued by the Bank on behalf of the Company to the customers and Government authorities. Rs 1,73,16,950/- (Previous year Rs 1,64,59,837/)

**I** In accordance with Accounting Standards AS22 relating to "Accounting for Taxes on Income the deferred tax assets/liabilities has been worked out and provided in the accounts as follows :

	Year ended 31.3.2021	Year ended 31.3.2020
<b>Liabilities</b>		
1. Depreciation	Nil	Nil
2. Section 43B Items paid for previous year	Nil	Nil
<b>Total</b>		
<b>Assets</b>		
1. Depreciation	2,88,776	3,68,616
2. Section 43B Items for the year	2,01,093	1,37,300
<b>Total</b>	<b>4,89,869</b>	<b>5,05,916</b>
<b>Net Assets ( Liabilities) on Account of deferred taxation</b>	<b>4,89,869</b>	<b>5,05,916</b>

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## ARROWHEAD SEPERATION ENGINEERIN PVT LTD.

### Significant accounting policies

#### a Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention . The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### b Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### c Depreciation and amortisation

Depreciation has been provided on the written down value method as per the rates prescribed in Schedule II to the Companies Act, 2013.

Pro-rata Depreciation is provided on additions/disposal of fixed assets during the year.

Intangible assets like software/ ERP have been depreciated based on the number of year of useful life of the concerned asset.

#### d Revenue recognition

##### Sale of units

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of units to customers. Sales includes excise duty.

##### Income from services

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred. Revenues from turnkey contracts, which are generally time bound fixed price contracts, are recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

Revenues from maintenance contracts are recognised pro-rata over the period of the contract.

#### e Other income

- i) Interest income is accounted on accrual basis.
- ii) Other items of income are accounted as and when the right to receive arises.





## f Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation. The cost of fixed assets include other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident.

## g Foreign currency transactions and translations

### Initial recognition

Transactions in foreign currencies entered into by the Company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

### Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

### Treatment of exchange differences

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss.

The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets or amortised on settlement / over the maturity period of such items if such items do not relate to acquisition of depreciable fixed assets. The unamortised balance is carried in the Balance Sheet as "Foreign currency monetary item translation difference account" net of the tax effect thereon.

## h Government grants, subsidies and export incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

## i Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Tangible Fixed Assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.



#### j Employee benefits

Contributions to Provident Fund for the year are recognized in the Profit & Loss Account.

The liability towards gratuity, leave encashment, post retirement benefits and other long-term benefits are provided for in the accounts based on actuarial valuation as at the end of the year. Actuarial gains and losses are recognized in the Profit and Loss Account as income or expense.

#### k Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.

Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

#### l Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date.

Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

#### m Impairment of assets

The values of fixed assets are reviewed by the management for impairment at each Balance Sheet date if events or circumstances indicate that the carrying values may not be recoverable. If the carrying value is more than the net selling price of the asset or present value, the difference is recognized as an impairment loss.

#### n Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

  
3



**o Borrowing Costs**

Borrowing costs attributable to acquisition, construction or production of qualifying asset are capitalized as part of the cost of that asset, till the month in which the asset is ready for use. Other borrowing costs are recognized as an expense in the period in which these are incurred.

**p Provisions, Contingent Liabilities and Capital Commitments**

Provision is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

Capital commitments and Contingent liabilities disclosed are in respect of items which exceed Rs.0.05 crores in each case.

Contingent liabilities are considered only on conversion of show cause notices issued by various Government authorities into demand.

