

## ***Independent Auditor's Report***

TO THE MEMBERS OF  
KALPATARU METFAB PVT. LTD.

### **Report on the Audit of the Financial Statements.**

#### **Opinion**

We have audited the accompanying financial statements of KALPATARU METFAB PVT. LTD. ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019., the Loss including comprehensive income, changes in equity and its cash flows 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 Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI'S Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

#### **INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON**

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

with the financial statements or our knowledge obtained during the course of our 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 Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are responsible for overseeing the company's financial reporting process.

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

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

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

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

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

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

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

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

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

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

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

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of sub-section (11) of section 143 of the Act, we give in the Annexure – "A" , a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, based on our audit we report that:

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.

(a) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.

(b) The Balance Sheet, the Statement of Profit and Loss, statement of changes, and the Cash Flow Statement dealt with by this report are in agreement with the books of account

(c) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

(e) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

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

FOR, KISHAN M. MEHTA & CO.  
Chartered Accountants.  
Firm's Registration No.105229W

AHMEDABAD.  
D A T E D : 23<sup>rd</sup> April, 2019.

( K.M. MEHTA )  
Partner.  
M.No.13707

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT ON THE  
FINANCIAL STATEMENTS

(Referred to in paragraph 1 of our report of even date)

- (a) i) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- ii) As explained to us, the fixed assets have been physically verified by the management in reasonable interval and no discrepancies have been noticed on such verification.
- iii) The title deeds of immovable properties are held in the name of the company.
- (b) The inventory has been physically verified by the management during the year at reasonable intervals and in our opinion and according to information and explanations given to us, discrepancies noticed on physical verification of stocks were not material.
- (c) The company has not granted any loan, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (d) According to information and explanations given to us, the company has not made investment or given loans or guarantees or provided any security pursuant to section 185 and 186 of the Act.
- (e) The company has not accepted any deposits during the year from public within the meaning of the provisions of Section 73 to 76 of the Act and rules made thereunder.
- (f) The provisions of sub section (1) of section 148 of the Act, regarding maintenance of cost record is not applicable to the company.
- (g) a) According to the information and explanations given to us and the records examined by us, the company is regular in depositing with appropriate authorities the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Customs Duty, Cess and any other statutory dues applicable to it and there are no such undisputed amount payable which are in arrears as at March 31, 2019 for a period of more than six months from the date they became payable
- b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Sales Tax, Goods & Service Tax, Custom Duty, Excise Duty and Value Added Tax, which have not been deposited on account of any disputes.

- (h) As company has not taken any loan or borrowing from financial institution , bank, government or debenture holder, clause (viii) of paragraph 3 of the Company's (Auditor's Report) order, 2016 is not applicable to the company.
- (i) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
- (j) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statement and as per the information and explanations given by the management, we report that no fraud on or by the Company by its officers or employees has been noticed or reported during the course of our audit.
- (k) As company has not paid or provided managerial remuneration during the year, clause (xi) of paragraph 3 of the Company's (Auditor's Report) order, 2016 is not applicable to the company.
- (l) As the company is not a Nidhi Company, clause (xii) of paragraph 3 of the Company's (Auditor's Report) order, 2016 is not applicable to the Company.
- (m) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (n) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (o) As the Company has not entered into any non-cash transactions with directors or persons connected to its directors, clause (xv) of paragraph 3 of the Company's (Auditor's Report) order, 2016 is not applicable to the Company.
- (p) According to information and explanation to us the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

KISHAN M. MEHTA & CO.  
Chartered Accountants.  
Firm's Registration No.105229W

AHMEDABAD.  
D A T E D : 23<sup>rd</sup> April, 2019.

( K.M. MEHTA )  
Partner.  
M. No.13707

## ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

### **Report on the Internal Financial Controls over financial reporting 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 KALPATARU METFAB PVT. LTD. ("the Company") as of 31 March 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

The board of directors of the company 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 respective companies policy 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 of the company 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 Institute of Chartered Accountants of India prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 Ind AS financial statements, whether due to fraud or error.

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

### **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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **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 to the best of our information and according to explanation given to us , the Company has, in all material respects an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

KISHAN M. MEHTA & CO.  
Chartered Accountants.  
Firm's Registration No.105229W

PLACE : AHMEDABAD  
D A T E D : 23<sup>rd</sup> April, 2019.

( K.M. MEHTA )  
Partner.  
M.No. 13707

**KALPTARU METFAB PVT. LTD.**  
**Balance Sheet as at 31st March, 2019**

		(Amount in Rs.)	
	Note	As at 31st March, 2019	As at 31st March, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipments	5	167,383,062	167,738,698
(b) Capital work in progress		-	183,086
(c) Other Financial Assets	6	207,750	57,750
(d) Other non current assets	7	37,000,000	37,000,000
		<u>204,590,812</u>	<u>204,979,534</u>
<b>Current Assets</b>			
(a) Inventories	8	62,550	62,550
(b) Financial Assets			
(i) Cash and cash equivalents	9 (i)	6,129,163	256,762
(ii) Other Bank Balances	9 (ii)	8,721,976	16,832,283
(c) Other current assets	10	755,899	961,670
(d) Current Tax Assets (Net)		278,197	196,205
		<u>15,947,785</u>	<u>18,309,470</u>
<b>TOTAL ASSETS</b>		<u><b>220,538,597</b></u>	<u><b>223,289,004</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	11	300,100,000	300,100,000
(b) Other Equity	12	(79,853,430)	(77,312,165)
		<u><b>220,246,570</b></u>	<u><b>222,787,835</b></u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Trade Payables		275,811	253,558
(ii) Creditors for capital expenditure		-	230,780
(b) Other Current Liabilities	13	16,216	16,831
		<u>292,027</u>	<u>501,169</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>220,538,597</b></u>	<u><b>223,289,004</b></u>

Notes to Financial Statements 1 to 22

For and on behalf of the Board

As per our report attached.  
For **KISHAN M. MEHTA & CO.**  
Chartered Accountants  
Firm's Registration No. 105229W

**Jagdish Modi**  
CFO

**Kamal Kishore Jain**  
Director  
(DIN : 00269810)

**Prakash Pancholi**  
CEO

**Dinesh B. Patel**  
Director  
(DIN : 03443006)

**Kishan M. Mehta**  
Partner  
(M.No:-013707)

**Yash Mehta**  
Company Secretary

Place : **Ahmedabad**  
Date : **April 23, 2019**

Place : **Gandhinagar**  
Date : **April 22, 2019**

**KALPTARU METFAB PVT. LTD.****Statement of Profit and Loss for the year ended 31st March 2019**

Particulars	Notes	(Amount in Rs.)	
		2018-19	2017-18
Revenue From Operations	14	1,818,714	-
Other Income	15	937,492	1,468,614
<b>Total</b>		<b>2,756,206</b>	<b>1,468,614</b>
<b>Expenditure:</b>			
Cost of Materials Consumed		-	47,730
Decrease / (Increase) in Closing Stock		-	(62,550)
Employee Benefits Expense		1,749,399	1,194,759
Depreciation	5	538,722	176,171
Other Expenses	16	3,009,350	859,930
<b>Total</b>		<b>5,297,471</b>	<b>2,216,040</b>
<b>Profit/ (Loss) before tax</b>		<b>(2,541,265)</b>	<b>(747,426)</b>
Tax Expense :-			
Current Tax		-	-
Excess provision of earlier year written back		-	(6,878)
<b>Net Profit/ (Loss) for the period after tax</b>		<b>(2,541,265)</b>	<b>(740,548)</b>
<b>Other Comprehensive Income</b>			
Items that will be reclassified subsequently to Profit or Loss		-	-
Items that will not be reclassified subsequently to Profit or Loss		-	-
<b>Total Comprehensive Income for the year</b>		<b>(2,541,265)</b>	<b>(740,548)</b>
Earnings per Equity Share			
(1) Basic		(0.08)	(0.02)
(2) Diluted		(0.08)	(0.02)

Notes to Financial Statements 1 to 22

For and on behalf of the Board

As per our report attached.  
For **KISHAN M. MEHTA & CO.**  
Chartered Accountants  
Firm's Registration No. 105229W

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(DIN : 03443006)

**Kishan M. Mehta**  
Partner  
(M.No:-013707)

**Yash Mehta**  
Company Secretary

**Place : Ahmedabad**  
**Date : April 23, 2019**

**Place : Gandhinagar**  
**Date : April 22, 2019**

**KALPATARU METFAB PVT. LTD.****Statement of Changes in Equity for the year ended 31st March, 2019****A : Equity Share Capital**

(Amount in Rs.)

	Amount
<b>Balance as on 1st April, 2017</b>	300,100,000
Changes in equity share capital during year 2017-18	-
<b>Balance as on 31st March, 2018</b>	300,100,000
Changes in equity share capital during year 2018-19	-
<b>Balance as on 31st March, 2019</b>	300,100,000

**B : Other Equity**

(Amount in Rs.)

Particulars	Retained Earnings	Other Comprehensive Income	Total
<b>Balance as on 1st April, 2017</b>	(76,571,617)	-	(76,571,617)
Profit/(Loss) for year 2017-18	(740,548)	-	(740,548)
<b>Balance as on 31st March, 2018</b>	(77,312,165)	-	(77,312,165)
Profit/(Loss) for year 2018-19	(2,541,265)	-	(2,541,265)
<b>Balance as on 31st March, 2019</b>	(79,853,430)	-	(79,853,430)

For and on behalf of the Board

As per our report attached.  
For **KISHAN M. MEHTA & CO.**  
Chartered Accountants  
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Company Secretary

**Place : Ahmedabad**  
**Date : April 23, 2019**

**Place : Gandhinagar**  
**Date : April 22, 2019**

**KALPATARU METFAB PVT. LTD.**

Cash Flow Statement for the year ended 31st March, 2019

(Amount in Rs.)

Particulars	2018-19	2017-18
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax	(2,541,265)	(747,425)
Adjustment for:		
Depreciation	538,722	176,171
Interest Income	(937,492)	(1,468,614)
<b>OPERATING PROFIT / (LOSS) BEFORE WORKING CAPITAL CHANGES</b>	<b>(2,940,035)</b>	<b>(2,039,868)</b>
Adjustment for:		
Trade and Other Receivables	55,771	(782,230)
Inventories	-	(62,550)
Trade Payables	(209,142)	(1,759,729)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(3,093,406)</b>	<b>(4,644,377)</b>
Income Tax Paid	(81,992)	(176,355)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES (A)</b>	<b>(3,175,398)</b>	<b>(4,820,732)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets/Capital Work In progress	-	(2,699,023)
Advance for Capital Expenditure	-	(7,000,000)
Proceeds from fixed deposit with bank	8,110,307	10,154,632
Interest received	937,492	1,468,614
<b>CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES (B)</b>	<b>9,047,799</b>	<b>1,924,223</b>
<b>C. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A) + (B)</b>	<b>5,872,401</b>	<b>(2,896,509)</b>
<b>D. Opening Cash and Cash Equivalents</b>	<b>256,762</b>	<b>3,153,271</b>
<b>E. Closing Cash and Cash Equivalents</b>	<b>6,129,163</b>	<b>256,762</b>
<b>Reconciliation of Cash and Cash Equivalent at the end of the year comprises</b>		
(a) Cash on Hand	-	1,110
(b) Balances with Bank		
(i) in current accounts	263,858	255,652
(ii) In deposit accounts	5,865,305	-
<b>Cash and Cash Equivalent as per Cash Flow Statement</b>	<b>6,129,163</b>	<b>256,762</b>

For and on behalf of the Board

As per our report attached.  
For **KISHAN M. MEHTA & CO.**  
Chartered Accountants  
Firm's Registration No. 105229W

**Jagdish Modi**  
CFO

**Kamal Kishore Jain**  
Director  
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(DIN : 03443006)

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Partner  
(M.No:-013707)

**Yash Mehta**  
Company Secretary

Place : Ahmedabad  
Date : April 23, 2019

Place : Gandhinagar  
Date : April 22, 2019

## **1. CORPORATE INFORMATION**

KalpataruMetfab Pvt. Limited (referred to as “the Company”) (formerly known as GestampKalpataru Solar Steel Structures Pvt. Ltd) is a privatelimited company incorporated and domiciled in India having its registered office at 101, Part III, GIDC, Sector 28, Gandhinagar 382028.

## **2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

The financial statements have been prepared on accrual basis under historical cost convention, except for certain financial instruments that are measured at fair values at the end of each reporting period, in accordance with Ind AS 109, as explained in accounting policies below.

## **3. USE OF ESTIMATES**

The preparation of the financial statements in conformity with recognition and measurement principles of Ind AS requires the Management to make estimates and assumptions that affect the reported balance of assets and liabilities, disclosers relating to contingent liabilities as at the date of the financial statements and the reported amount of income and expense for the period. Estimates and underlying assumptions are reviewed on ongoing basis. Revision of accounting estimates are recognised in the period in which the estimates are revised and future period affected.

## **4. SIGNIFICANT ACCOUNTING POLICIES**

### **A. Revenue Recognition**

Revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, which generally coincides with the delivery of goods to customers. Revenue from services are recognized when services are rendered.

### **B. Property, Plant and equipment & Intangible assets**

Property, Plant and Equipment are stated at cost of acquisition/construction/installation net of recoverable taxes less accumulated depreciation / amortization and impairment loss, if any. All costs, including finance costs and adjustment arising from exchange rate variations attributable to fixed assets till assets are put to use, are capitalized.

Depreciation on all depreciable property, plant and equipment is provided on Straight Line Method based on the useful life as prescribed in Schedule II to the Companies Act, 2013 on pro-rata basis. However depreciation on Plant and Machinery is charged higher considering the useful of 5 years.

### **C. Borrowing Costs**

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. All other borrowing costs are recognized as expense in the period in which they are incurred.

**D. Current and Non-Current classification**

Assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the balance sheet date. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**E. Inventories**

Inventories are stated at lower of cost and net realizable value. The cost of inventories is computed on weighted average basis.

**F. Income taxes**

Income tax expense comprises current tax expense and net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

***Current income tax***

Tax on income for the current period is determined on the basis of estimated taxable income and tax credit computed in accordance with the provisions of the Income Tax Act, 1961.

***Deferred income tax***

Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Deferred tax is recognised on temporary difference between the carrying amount of assets or liability and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

**G. Financial instruments**

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

***(i) Classification:***

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

All financial liabilities are classified as subsequently measured at amortised cost except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives, are subsequently measured at fair value, with any gains or losses arising on re-measurement recognised in profit or loss.

Financial instruments are classified as a liability or equity according to the substance of the contractual arrangement and not its legal form.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company are recognised at the proceeds received, net of issue costs.

**(ii) Initial recognition and measurement:**

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial asset and liabilities at fair value through profit & loss) are added to or deducted from the fair value measured on initial recognition of the financial assets or financial liabilities.

**(iii) Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost, using the effective interest rate method, if:

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

This category generally applies to trade and other receivables.

**(iv) Financial asset at fair value through other comprehensive income (FVTOCI)**

Financial assets are subsequently measured at fair value through other comprehensive income if these financial assets are held within business whose objective is achieved by both collecting contractual cash flow and selling asset financial asset and the contractual terms of financial asset give rise on specific dates to cash flows that are solely payment of principal and interest on principal amount outstanding.

**(v) Financial asset at fair value through profit or loss (FVTPL)**

Financial assets are subsequently measured at fair value through profit or loss unless it is measured at amortized cost or fair value through other comprehensive income. Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

**(vi) Financial Liabilities**

All financial liabilities are subsequently measured at amortised cost except financial liabilities held for trading and derivatives at FVTPL are stated at fair value, with any gains or losses arising on measurement recognised in the statement of profit or loss.

**(vii) Derecognition**

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the asset, the Company recognises its retained interest in the asset.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and/or receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit or loss.

A financial liability is derecognized when the obligation under the liability is discharged, 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 financial liability are substantially modified, such exchange or modification is accounted as derecognition of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss.

#### **H. Fair Value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

#### **I. Impairment**

##### **a) Financial asset**

Company applies as per Ind AS 109 expected credit loss model for recognising impairment loss on trade receivables, other contractual rights to receive cash or other financial asset.

##### **b) Non-Financial asset**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the higher of the fair value less cost of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss.

#### **J. Provisions and Contingent Asset / Liabilities**

Provisions are recognised when there is present obligation (legal or constructive) as a result of a past event, it is probable that company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources but if the likelihood of outflow of resources is remote, no disclosure is made.

Contingent assets are not recognised but disclosed in the financial statements when economic inflow is probable.

**KALPATARU METFAB PVT. LTD.****Notes on Financial Statement for the year ended 31st March, 2019****5 Property, Plant and Equipments as on 31st March 2019**

(Amount in Rs.)

Particular	Gross Block			Accumulated Depreciation			Net Block	
	As at 1st April, 2018	Additions	As at 31st March, 2019	As at 1st April, 2018	For the year	As at 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018
Free Hold Land	154,908,328	-	154,908,328	-	-	-	154,908,328	154,908,328
Building	12,272,450	183,086	12,455,536	128,832	394,425	523,257	11,932,279	12,143,618
Plant and Machinery	696,041	-	696,041	43,840	132,248	176,088	519,953	652,201
Computer	38,050	-	38,050	3,499	12,049	15,548	22,502	34,551
<b>Total</b>	<b>167,914,869</b>	<b>183,086</b>	<b>168,097,955</b>	<b>176,171</b>	<b>538,722</b>	<b>714,893</b>	<b>167,383,062</b>	<b>167,738,698</b>

		(Amount in Rs.)	
		As at 31st March, 2019	As at 31st March, 2018
<b>6</b>	<b>Other Financial Assets</b>		
	Security Deposits	207,750	57,750
		<b>207,750</b>	<b>57,750</b>
<b>7</b>	<b>Other Non Current Assets</b>		
	Capital Advances	37,000,000	37,000,000
		<b>37,000,000</b>	<b>37,000,000</b>
<b>8</b>	<b>Inventories</b>		
	Semi Finished Goods	29,250	29,250
	Scrap	33,300	33,300
		<b>62,550</b>	<b>62,550</b>
<b>9</b>	<b>(i) Cash and Cash Equivalent</b>		
	<b>Cash &amp; Bank Balances</b>		
	a. Cash on hand	-	1,110
	b. Balance with bank		
	In Current Account	263,858	255,652
	In Fixed Deposit Accounts	5,865,305	-
	<b>Total</b>	<b>6,129,163</b>	<b>256,762</b>
	<b>(ii) Other Bank Balances</b>		
	Deposits with original maturity of more than 3 months but less than 12 months	8,721,976	16,832,283
	<b>Total</b>	<b>8,721,976</b>	<b>16,832,283</b>
<b>10</b>	<b>Other Current Assets</b>		
	VAT Receivable	115,599	115,599
	GST Receivable	477,574	271,404
	TDS Receivable	63,841	63,841
	Prepaid Expenses	14,686	-
	Accrued Income	84,199	510,826
	<b>Total</b>	<b>755,899</b>	<b>961,670</b>
<b>11</b>	<b>Equity Share Capital</b>		
	<b>Authorised</b>		
	4,20,00,000 (4,20,00,000) Equity shares of Rs.10/- each	420,000,000	420,000,000
	<b>Total</b>	<b>420,000,000</b>	<b>420,000,000</b>
	<b>Issued Subscribed &amp; Paid up</b>		
	3,00,10,000 (3,00,10,000) fully paid up Equity shares of Rs. 10/- each	300,100,000	300,100,000
	<b>Total</b>	<b>300,100,000</b>	<b>300,100,000</b>
<b>A</b>	<b>Reconciliation of Equity Share Capital</b>		
		<b>As at 31st March, 2019</b>	<b>As at 31st March, 2018</b>
	<b>Particulars</b>	<b>Equity Shares</b>	
		<b>Number</b>	<b>Amount in Rs.</b>
	Shares outstanding at the beginning of the year	30,010,000	300,100,000
	Shares outstanding at the end of the year	30,010,000	300,100,000
<b>B</b>	<b>Shares held by Holding Company and its subsidiaries/associates</b>		
		<b>As at 31st March, 2019</b>	<b>As at 31st March, 2018</b>
	<b>Particulars</b>	<b>Relationship</b>	<b>No of shares held</b>
	Kalpataru Power Transmission Ltd & its nominees'	<b>Holding Company</b>	30,010,000
			<b>Holding Company</b>
<b>C</b>	<b>Details of shareholders holding more than 5% shares in the company</b>		
		<b>As at 31st March, 2019</b>	<b>As at 31st March, 2018</b>
	<b>Particulars</b>	<b>No. of Shares held</b>	<b>% of Holding</b>
	Kalpataru Power Transmission Ltd. & its nominees'	30,010,000	100
			30,010,000
			100

- D Each holder of equity shares of face value of Rs. 10 each is entitled to one vote per share. The dividend is declared and paid on being proposed by Board of Directors after the approval of the shareholders in the ensuing Annual General Meeting. In the event of the liquidation of the company the holders of Equity Shares will be entitled to remaining assets after payment or distribution of all liabilities. The distribution to Equity share holders will be in proportion to the number of Equity Shares held by the Equity Shareholders.

		(Amount in Rs.)	
		<u>As at 31st March, 2019</u>	<u>As at 31st March, 2018</u>
<b>12</b>	<b>Other Equity</b>		
	Statement of Profit & Loss		
	As per Last Balance Sheet	(77,312,165)	(76,571,617)
	Profit/(Loss) for the year	<u>(2,541,265)</u>	<u>(740,548)</u>
	<b>Total</b>	<b><u>(79,853,430)</u></b>	<b><u>(77,312,165)</u></b>
<b>13</b>	<b>Other Current Liabilities</b>		
	Statutory Liabilities	16,216	16,831
	<b>Total</b>	<b><u>16,216</u></b>	<b><u>16,831</u></b>
		<u>2018-19</u>	<u>2017-18</u>
<b>14</b>	<b>Revenue from Operations</b>		
	Sales of Services	1,818,714	-
	<b>Total</b>	<b><u>1,818,714</u></b>	<b><u>-</u></b>
<b>15</b>	<b>Other Income</b>		
	Interest on deposit with banks	937,492	1,468,614
	<b>Total</b>	<b><u>937,492</u></b>	<b><u>1,468,614</u></b>
<b>16</b>	<b>Other Expenses</b>		
	Legal and Professional Expenses	73,688	19,939
	Job Work Charges	1,570,249	147,595
	Electricity Expenses	132,168	51,815
	Repairs and Maintenance:		10,065
	Plant & Machinery	23,850	
	Building	441,532	
	Rent	12,000	12,450
	Taxes and Duties	3,150	2,400
	Sitting fees to non executive directors	60,000	89,500
	Security Expenses	607,132	465,366
	Auditor's Remuneration		
	Audit Fees	20,000	20,000
	Other Services	<u>25,000</u>	30,000
	Miscellaneous Expenses	40,581	10,800
	<b>Total</b>	<b><u>3,009,350</u></b>	<b><u>859,930</u></b>

**17 Related Party disclosures as required by Ind AS -24 is as below :**

**A List of related persons**

(a) Holding Company

Kalpataru Power Transmission Ltd. (KPTL)

(b) Fellow Subsidiary

Shree Shubham Logistics Limited (SSLL)

(c) Key management Personnel

(i) Mr. Kamal Kishore Jain

Director

(ii) Mr. Dinesh Babulal Patel

Director

(iii) Mr. Mehul Mehta

Chief Executive Officer (Upto 15.05.2017)

(iv) Mr. Prakash Pancholi

Chief Executive Officer (w.e.f. 15.11.2017)

**B The following transactions were carried out with related parties in the ordinary course of business :**

(Amount in Rs.)

Sr. No.	Particulars	Name of related party	Relationship	Transaction during the year	
				2018-19	2017-18
	<b>Related party Transaction</b>				
1	Rent Paid	KPTL	Holding Company	12,000	12,000
2	Advance against Capital Expenditure	SSLL	Fellow Subsidiaries	-	7,000,000
3	Purchase of Fixed Assets	KPTL	Holding Company	-	696,041
4	Purchase of Raw Materials	KPTL	Holding Company	-	47,730
5	Revenue of Operations	KPTL	Holding Company	1,818,714	-
	<b>Key Management Personnel</b>				
1	Remuneration to Key Management Personnel	Mr. Mehul Mehta	Chief Executive Officer	-	134,431
		Mr. Prakash Pancholi	Chief Executive Officer	606,908	184,477

**C Balances with related parties**

(Amount In Rs.)

Sr. No	Particulars	As at 31st March 2019	As at 31st March 2018
1	Advance against Capital Expenditure	37,000,000	37,000,000

**18 Financial instruments classification and risk management**

(a) Break up of financial assets and liabilities carried at amortised cost

(Amount In Rs.)

Particulars	As at 31st March 2019	As at 31st March 2018
(i) Financial Assets		
Security Deposits	207,750	57,750
Cash and cash equivalents	6,129,163	256,762
Other Bank Balances	8,721,976	16,832,283
(ii) Financial Liabilities		
Trade Payables	275,811	253,558
Creditors for capital expenditure	-	230,780

(b) None of the financial assets and liabilities have been designated as FVTPL or FVTOCI.

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**KALPTARU METFAB PVT. LTD.****Notes on Financial Statement for the year ended 31st March, 2019**

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- (c) The Company's financial assets mainly consists of Cash and Cash Equivalents and there are no borrowing as on date. Therefore, not exposed to any material financial risks viz: market risk, credit risk, interest rate risk and liquidity risk. The Company does not have any foreign currency transactions and therefore, not exposed to foreign exchange related risks.
- 19** The estimated amount of the contracts remaining to be executed on capital account and not provided for are of Rs. 65,00,000 ( previous year Rs. 65,00,000 )
- 20** In the opinion of the Management, the assets other than fixed assets have approximately the same realizable value in ordinary course of business at which they are stated in these Financial Statements.
- 21** Based on the information received during the year and available with the company, there are no Enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006. This has been relied upon by the auditors. Credit balance of such enterprises as on 31st March, 2019 is Rs. NIL (previous year Rs. Nil).
- 22** Previous year's figures have been regrouped and/ or rearrange wherever considered necessary.

For and on behalf of the Board

As per our report attached.  
For **KISHAN M. MEHTA & CO.**  
Chartered Accountants  
Firm's Registration No. 105229W

**Jagdish Modi**  
CFO

**Kamal Kishore Jain**  
Director  
(DIN : 00269810)

**Prakash Pancholi**  
CEO

**Dinesh B. Patel**  
Director  
(DIN : 03443006)

**Kishan M. Mehta**  
Partner  
(M.No:-013707)

**Yash Mehta**  
Company Secretary

**Place : Ahmedabad**  
**Date : April 23, 2019**

**Place : Gandhinagar**  
**Date : April 22, 2019**