

INDEPENDENT AUDITOR'S REPORT

To the Partners OF HL Equipment

Opinion

We have audited the standalone financial statements of HL Equipment ("the Firm"), which comprise the balance sheet at March 31st March 2020, and the profit and loss account, 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.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the entity as at March 31, 2020, and of its financial performance for the year then ended in accordance with the Indian Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. 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 entity in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw your attention to Note 25 to the financial statements, which describes that the extent to which the Covid-19 Pandemic will impact the results will depend on developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the aforesaid Indian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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:

- i. 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.
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv. 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 entity'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 entity to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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




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

Purpose of the Report and Limitation of Use and Distribution of the Auditor's Report

The purpose of this report is solely for our opinion on the financial statements which are prepared in accordance with the terms of reference for consolidation by the Ultimate Holding Company. As a result, this report and the financial statements may not be suitable for another purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any person to whom this report and financial statements is shown or into whose hands it may come without our prior consent in writing.

For M. M. NISSIM & CO
Chartered Accountants
(Firm Regn. No. 107122W)


(N. Kashinath)
Partner
Mem. No.: 036490
UDIN: 20036490AAAACH6958

Date: 20th June, 2020
Place: Mumbai



H L EQUIPMENTS

Balance Sheet as at 31st March, 2020

(In Rupees)

		Note No.	As at 31st March 2020	As at 31st March 2019
I	ASSETS			
1	Non-current assets			
	(a) Property, plant and equipment	4	58,902,425	47,744,915
	(b) Financial assets			
	(i) Other balances with bank	5	2,108,122	500,000
	(ii) Other financial assets	6	606,936	413,500
	(c) Other tax assets (net)	7	18,044,109	6,175,436
	Total non-current assets		79,661,592	54,833,851
2	Current assets			
	(a) Inventories	8	108,504,751	81,316,491
	(b) Financial assets			
	(i) Trade receivables	9	24,681,986	29,586,042
	(ii) Cash and cash equivalents	10	1,676,825	1,069,071
	(iii) Other financial assets	11	541,639	67,818
	(c) Other current assets	12	22,511,635	35,575,782
	Total current assets		157,916,836	147,615,204
	Total Assets		237,578,428	202,449,055
II	EQUITY AND LIABILITIES			
1	EQUITY			
	(a) Partners capital	13	103,708,530	90,226,930
	Equity attributable to the owners of the firm		103,708,530	90,226,930
2	LIABILITIES			
2a	Non-current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	14	17,500,000	17,500,000
	(c) Deferred tax liabilities (Net)	15	1,761,250	1,837,897
	Total non-current liabilities		19,261,250	19,337,897
2b	Current liabilities			
	(a) Financial liabilities			
	(i) Trade payables			
	- Total outstanding dues of micro and small enterprises	16	11,431,350	8,272,701
	- Total outstanding dues of creditors other than micro and small enterprises		70,822,791	33,728,011
	(ii) Other financial liabilities	17	4,550,904	1,239,546
	(b) Other current liabilities	18	27,803,603	49,643,970
	Total current liabilities		114,608,648	92,884,228
	Total Equity and Liabilities		237,578,428	202,449,055

The notes are an integral part of these financial statements

For M.M. NISSIM & CO.
Chartered Accountants
Firm Reg. No.: 107122W

N. Kashinath
(Partner)
Membership No.036490
Place: Mumbai
Date: 20th June, 2020



For and on behalf of HL Equipments

Himanshu K. Patel
(Partner)

Place: Surat
Date: 20th June, 2020

Aalap N. Patel
(Partner)

Place: Surat
Date: 20th June, 2020

H L EQUIPMENTS

Statement of profit and loss for the period ended March 31, 2020

		(In Rupees)	
	Notes	March 31, 2020	March 31, 2019
Income			
Revenue from operations	19	520,506,553	377,814,696
Other income	20	632,694	448,946
Total revenue		521,139,247	378,263,642
Expenses			
Cost of raw material and components consumed	21	354,723,606	271,970,612
Change in inventories of finished goods, stock-in-trade and work-in-progress	21	(30,205,975)	(11,468,386)
Employee benefits expense	22	12,612,905	4,979,852
Finance costs	23	10,834,804	10,087,418
Depreciation and amortization expense	24	2,200,528	2,037,171
Other expenses	25	96,665,992	51,332,896
Total expenses		446,831,860	328,939,563
Profit before tax		74,307,387	49,324,079
Tax expenses			
Current tax			
Deferred tax (asset) / liability		26,200,000	17,500,000
Total tax expense		(76,647)	(48,135)
Profit for the year		26,123,353	17,451,865
		48,184,034	31,872,213

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

For M.M. NISSIM & CO.
Chartered Accountants
Firm Reg. No.: 107122W

T. Kashinath
N. Kashinath
Partner
Membership No. 036490
Place: Mumbai
Date: 20th June, 2020



For and on behalf of HL Equipments

Himanshu K. Patel
Himanshu K. Patel
(Partner)

Place: Surat
Date: 20th June, 2020

Aalap N. Patel
Aalap N. Patel
(Partner)

Place: Surat
Date: 20th June, 2020

H L EQUIPMENTS

Cash flow statement for the year ended March 31, 2020

	(In Rupees)	
	As at 31st March 2020	As at 31st March 2019
A. Cash flow from operating activities		
Profit before tax expense	74,307,387	49,324,079
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization expense	2,200,528	2,037,171
Finance costs	10,834,804	10,087,418
Provision for doubtful advances	1,812,740	721,861
Interest (income)	(161,743)	(25,764)
Cessation of liability	(195,487)	(267,124)
Remuneration to partners	1,800,000	1,800,000
Profit on sale of assets	(117,668)	(76,788)
Operating profit before working capital changes	90,480,561	63,600,853
Movements in working capital :		
Decrease / (increase) in trade receivables	4,219,056	(8,699,737)
(Increase) / decrease in inventories	(27,188,260)	(22,556,915)
(Increase) / decrease in other financial assets (Non current)	(224,936)	17,876
(Increase) / decrease in other financial assets (Current)	(431,297)	57,750
(Increase) / decrease in other current assets	11,967,907	(19,645,852)
Increase / (decrease) in trade payables	40,448,916	(30,754,372)
Increase / (decrease) in other financial liabilities (Current)	1,083,154	(1,099,714)
Increase / (decrease) in other current liabilities	(21,840,367)	45,943,478
Cash generated from operations	98,514,734	26,863,367
Direct taxes paid (net of refunds)	(38,068,673)	(12,080,385)
Net cash flow from/ (used in) operating activities (A)	60,446,061	14,782,982
B. Cash flows from investing activities		
Purchase of fixed assets	(13,776,067)	(1,346,593)
Sale of assets	535,697	78,224
Fixed deposits matured/(placed)	(1,608,122)	(500,000)
Interest income	119,219	8,696
Net cash flow from/ (used in) investing activities (B)	(14,729,273)	(1,759,673)
C. Cash flows from financing activities		
Addition in partner capital account	29,404,376	98,232,053
Withdrawal of capital	(73,110,430)	(106,257,679)
Repayments from long-term unsecured loans	-	(2,156,681)
Finance cost paid	(1,402,980)	(1,958,635)
Net cash flow from/ (used in) in financing activities (C)	(45,109,034)	(12,140,942)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	607,754	882,367
Cash and cash equivalents at the beginning of the year	1,069,071	186,704
Cash and cash equivalents at the end of the year	1,676,825	1,069,071
Components of cash and cash equivalents		
Cash on hand	38,678	16,598
Balances with banks	-	-
'- On current account	1,638,147	1,052,473
Total cash and cash equivalents (note 17)	1,676,825	1,069,071



Notes:

1. The above Cash flow statement has been prepared based on 'Indirect Method' as set out in the IND AS - 7 "Statement of Cash Flow"
2. As per the amendment in IND AS - 7 Statement of Cash Flow : Disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Particulars	As at 31st march 2020	As at 31st march 2019
Opening balance	17,500,000	19,656,681
Cash inflows/(outflows) of non current borrowings	-	(2,156,681)
Cash inflows/(outflows) of current borrowings	-	-
Closing balance	17,500,000	17,500,000

As per our report of even date

For M.M. NISSIM & CO.
Chartered Accountants
Firm Reg. No.: 107122W

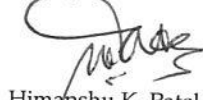



N. Kashinath
Partner
Membership No.036490
Place: Mumbai



Date: 20th June, 2020

For and on behalf of Board of partners of
HL Equipments


Himanshu K. Patel
(Partner)


Aalap N. Patel
(Partner)

Place: Surat

Place: Surat

Date: 20th June, 2020 Date: 20th June, 2020

H L EQUIPMENTS

Schedules to the Financials Statements for the year ended March 31, 2020

1 Corporate Information

HL Equipments is a Partnership Firm registered with Registrar of Firms with its Registered Office situated at Survey No.60/1, Ground floor, Plot No.1 & 2, Near Shukan Bungalow, Opp. Maheshwari Bhavan, City Light Road, Surat 395 007 and Factory situated at Survey No. 144/1/1, Plot No. 15, Athal Industrial Estate, Village - Athal, Silvassa - 396 230.

The Firm is carrying out the business of Manufacturing of Chemical Plant & Machinery.

Firm is registered with registrar of firms vide registration number GUJ/ SRT/(17) 23283 dated 19/01/2006.

2 Basis of preparation

These financial statements of the firm have been prepared for purpose of consolidation and presented under historical cost convention, on accrual basis of accounting and accounting policies used are in line with group policies. The financials are prepared as per Indian Accounting Standards to the extent applicable.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

3 Summary of significant accounting policies

i Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

ii Property, plant and equipment

Fixed assets are stated at cost less accumulated depreciation and provision for impairment, if any. The cost includes expenditure incurred in the acquisition and construction / installation and other related expenses in bringing the asset to its working condition for its intended use. In respect of qualifying assets, related pre-operational expenses including borrowing costs are also capitalised.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increased the future benefit from the existing asset beyond its previously assessed standard of performance. All other expenses on an existing fixed assets, including day-to-day repair and maintenance expenditure, cost of replacing parts are charged to statement of profit and loss for the period during which such expense was incurred.

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Machinery parts which can be used only in connection with an item of fixed asset and whose use as per technical assessment is expected to be irregular, are capitalized and depreciated over the residual life of the respective assets.

Depreciation / amortisation of Property, Plant and Equipment

Tangible assets:

Depreciation on tangible fixed assets has been provided on Straight-Line Method based on the rates provided below - Depreciation on prorata basis from the date of additions and / or disposal.

Description of Assets	Useful life
Building	60 Years
Computer	6 Years
Electrical Installation	20 Years
Factory Building	30 Years
Furniture	15 Years
office Equipment	20 Years
Plant & Machinery	20 Years
Tools & Patterns	8 to 10 Years
Vehicle	10 Years



iv Leases

Where firm is lessee

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate.

Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
 - Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
 - Amounts expected to be payable under a residual value guarantee; and
 - The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.
- The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties and other assets that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Where firm is lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

v Borrowing cost

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

vi Impairment of fixed assets

The carrying amount of assets are reviewed at each Balance Sheet date if there is an indication of impairment based on internal / external factors. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable value. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

vii Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.



viii Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis. Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

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

ix Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the firm and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Income from sale of goods

Revenue from sale of goods is recognized when all the control of the goods have been passed to the buyer, usually on delivery of the goods. The firm collects Goods and Service Tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the firm. Hence, they are excluded from revenue.

Income from services

Revenues from contracts are recognized pro-rata over the period of the contract as and when services are rendered. Revenue from turnkey contracts which are time bound, are recognised over the life of the contract using percentage of completion method. Foreseeable loss on such contracts are recognised when probable.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Other income is accounted on accrual basis.

x Foreign currency translation

Foreign currency transactions and balances

(a) Initial recognition

Foreign currency transactions are recorded in the reporting currency INR. In preparing the financial statements, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions.

(b) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

(c) Exchange differences

The firm accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as income / expense in the period in which they arise.

(d) Forward exchange contract

The premium or discount arising at the inception of forward exchange contract entered into to hedge an existing asset / liability, is amortised as expense or income over the life of the contract. Exchange difference on such a contract is recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period. Forward exchange contracts outstanding as at the year end on account of firm commitment / highly probable forecast transactions are mark-to-market and the gains or losses, if any, are recognised in the Statement of Profit and Loss.



xi Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 ('IT Act') and the rates prescribed therein at the reporting date.

Deferred income taxes reflect the impact of temporary differences between taxable income and accounting income originating during the current year and reversal of temporary differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for deductible temporary differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the firm has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

xii Segment reporting

Identification of segments

The firm's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the firm operate. The chief operating decision maker identified by the partners is responsible for allocating resources and assessing performances of the operating segment.

Inter-segment transfers

The firm generally accounts for intersegment sales and transfers at cost plus appropriate margins.

Allocation of common costs

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

Unallocated items

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

Segment accounting policies

The firm prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the firm as a whole.

xiii Provisions and Contingent liabilities

A provision is recognized when the firm has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the firm or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The firm does not recognize a contingent liability but discloses its existence in the financial statements.

xiv Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

xv Research and Development

Capital expenditure on research and development is treated in the same manner as Property, Plant and Equipment. Research costs are expensed as incurred. Development expenditure incurred is carried forward when its future recoverability can reasonably be regarded as assured.

xvi Current versus non-current classification

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

a) An asset is current when it is:

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

All other assets are classified as non-current.

b) A liability is current when:

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

All other liabilities are classified as non-current.

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

d) The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.



H L EQUIPMENTS

Schedules to the Financials Statements for the year ended March 31, 2020

	(In Rupees)	
	31st March 2020	31st March 2019
5 Other balances with bank (Non current)		
- Earmarked balances against borrowings	2,108,122	500,000
	<u>2,108,122</u>	<u>500,000</u>
Earmarked balances with banks pertain to margin money for performance bank gaurantees given to customers		
6 Other financial assets (Non current)		
	31st March 2020	31st March 2019
Security deposit:		
Considered good	523,382	413,500
Considered doubtful	31,500	-
Provision for doubtful deposits	(31,500)	-
	-	-
Loan to employees	83,554	-
Total	<u>606,936</u>	<u>413,500</u>
7 Other tax assets (Non current)		
	31st March 2020	31st March 2019
Advance income tax (net of provisions)	18,044,109	6,175,436
Total	<u>18,044,109</u>	<u>6,175,436</u>
8 Inventories (valued at lower of cost and net realizable value)		
	31st March 2020	31st March 2019
Raw material and components	29,446,926	32,870,625
Work-in-progress	47,698,898	42,278,875
Finished goods	30,619,069	5,833,117
Consumables	739,858	333,874
Total	<u>108,504,751</u>	<u>81,316,491</u>
9 Trade receivables		
	31st March 2020	31st March 2019
Unsecured, considered good, unless otherwise stated		
from holding company	95,054	5,097,140
<u>from other receivables</u>		
Related Party	4,188,054	17,023,118
Others	20,398,878	7,465,784
Unsecured, considered doubtful		
Credit impaired	685,000	
Less:- Provision for doubtful debts	(685,000)	
	-	-
Total	<u>24,681,986</u>	<u>29,586,042</u>



H L EQUIPMENTS

Schedules to the Financials Statements for the year ended March 31, 2020

10 Cash and cash equivalents

Cash and cash equivalents

Cash on hand
- In rupees
Balance with banks
-In current account

Total

11 Other financial assets (current)

Unsecured, considered good, unless otherwise stated

Advance recoverable in cash or kind
- from holding company (related party)
- from others

Loan to employees
Interest receivable

Total

12 Other current assets

Considered good

Advance to supplier

To related party

To others

Prepaid expenses

Indirect tax recoverable

Considered doubtful

Advance to supplier

Indirect tax recoverable

Less:- Provision for doubtful advances

Total

	(In Rupees)	
	31st March 2020	31st March 2019
<hr/>		
	38,678	16,598
	1,638,147	1,052,473
	<u>1,676,825</u>	<u>1,069,071</u>
<hr/>		
	405,000	-
	-	50,750
	94,115	
	42,524	17,068
	<u>541,639</u>	<u>67,818</u>
<hr/>		
	773,614	16,261,948
	20,976	5,035,576
	21,717,045	-
		14,278,258
	873,792	721,861
	944,309	-
	<u>(1,818,101)</u>	<u>(721,861)</u>
	-	-
	<u>22,511,635</u>	<u>35,575,782</u>



H L EQUIPMENTS

Schedules to the Financials Statements for the year ended March 31, 2020

13 Partners' Capital

	Ratio	(In Rupees)	
		31st March 2020	31st March 2019
Mr. Himanshu K Patel	8.20%	5,836,425	3,967,879
Mr. Harsh H Patel	2.20%	1,458,861	1,235,857
Mr. Aalap N Patel	8.00%	5,343,341	1,846,129
Mrs. Sheetal H Patel	1.60%	1,015,714	2,481,441
M/s HLE Glasscoat Ltd	80.00%	90,054,189	80,695,624
Total balance in Capital Accounts		103,708,530	90,226,930

Mr. Himanshu K Patel's Capital Account

Particulars	Amount	Particulars	Amount
Withdrawal of capital	6,550,000	Opening balance	3,967,879
		Addition to capital	4,100,000
Closing balance	5,836,425	Interest on capital	367,455
	<u>12,386,425</u>	Share of profit	3,951,091
			<u>12,386,425</u>

Mr. Harsh H Patel's Capital Account

Particulars	Amount	Particulars	Amount
Withdrawal of capital	900,000	Opening balance	1,235,857
		Addition to capital	-
Closing balance	1,458,861	Interest on capital	62,955
	<u>2,358,861</u>	Share of profit	1,060,049
			<u>2,358,861</u>

Mr. Aalap N Patel's Capital Account

Particulars	Amount	Particulars	Amount
Withdrawal of capital	550,000	Opening balance	1,846,129
		Addition to capital	-
Closing balance	5,343,341	Interest on capital	192,489
	<u>5,893,341</u>	Share of profit	3,854,723
			<u>5,893,341</u>

Mrs. Sheetal H Patel's Capital Account

Particulars	Amount	Particulars	Amount
Withdrawal of capital	4,100,000	Opening balance	2,481,440
		Addition to capital	-
Closing balance	1,015,714	Interest on capital	63,329
	<u>5,115,714</u>	Share of profit Partners	770,945
		Remuneration	1,800,000
			<u>5,115,714</u>

M/s. HLE Glasscoat Ltd Capital Account

Particulars	Amount	Particulars	Amount
Withdrawal of capital	61,010,430	Opening balance	80,695,624
		Addition to capital	25,304,376
Closing balance	90,054,189	Interest on capital	6,517,392
	<u>151,064,619</u>	Share of profit	38,547,227
			<u>151,064,619</u>



H L EQUIPMENTS

Statement Of Changes In Equity For The Year Ended March 31, 2020

Partners' Capital	Partners Capital Account					(Rupees)
	Mr. Himanshu K Patel	Mr. Harsh H Patel	Mr. Aalap N Patel	Mrs. Sheetal H Patel	M/s HLE Glasscoat Ltd	TOTAL
Balance as at 1st April 2018	35,746,249	7,373,186	9,406,010	3,618,946	845,883	56,990,274
Add:						
Addition to capital	11,232,053				87,000,000	98,232,053
Interest on capital	2,276,096	476,405	715,106	124,606	3,997,853	7,590,067
Share of profit	2,613,522	701,189	2,549,777	509,955	25,497,771	31,872,213
Partners Remuneration				1,800,000		1,800,000
	16,121,671	1,177,594	3,264,883	2,434,561	116,495,624	139,494,334
Less:						
Withdrawal of capital	47,900,041	7,314,923	10,824,764	3,572,068	36,645,883	106,257,679
Balance as at 31 Mar 2019	3,967,879	1,235,857	1,846,129	2,481,440	80,695,624	90,226,930
Add:						
Addition to capital	4,100,000	-	-	-	25,304,376	29,404,376
Interest on capital	367,455	62,955	192,489	63,329	6,517,392	7,203,620
Share of profit	3,951,091	1,060,049	3,854,723	770,945	38,547,227	48,184,034
Partners Remuneration				1,800,000		1,800,000
	8,418,546	1,123,004	4,047,212	2,634,274	70,368,995	86,592,030
Less:						
Withdrawal of capital	6,550,000	900,000	550,000	4,100,000	61,010,430	73,110,430
Balance as at 31 Mar 2020	5,836,425	1,458,861	5,343,341	1,015,714	90,054,189	103,708,530

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

For M.M. NISSIM & CO.

Chartered Accountants

Firm Reg. No.: 107122W

N. Kashinath

Partner


Membership No. 036490

Place: Mumbai

Date: 20th June, 2020




For and on behalf of HL Equipments


Himanshu K. Patel
(Partner)

Place: Surat

Date: 20th June, 2020


Aalap N. Patel
(Partner)

Place: Surat

Date: 20th June, 2020

H L EQUIPMENTS

Schedules to the Financials Statements for the year ended March 31, 2020

14 Long-term borrowings

Unsecured loans

Others

Total

(In Rupees)

31st March 2020 31st March 2019

17,500,000	17,500,000
17,500,000	17,500,000

Note : The unsecured loans are bearing interest @ 9% & 10% (PY 9% & 10%) with no specific repayment schedule

15 Deferred tax

Deferred tax (assets) / liability

Deferred tax liability as on April 1, 2019

Property, Plant and Equipment: Differences between depreciation as per IT Act and depreciation / amortization charged as per books of accounts

Others

Bonus and other employee benefits

Total

31st March 2020 31st March 2019

1,837,897	1,886,031
1,018,104	266,003
(885,691)	(252,247)
(209,060)	(61,891)
1,761,250	1,837,897

16 Trade payables

Creditors

- Due to micro and small enterprises

- Due to others

Related party

Others

Total

31st March 2020 31st March 2019

11,431,350	8,272,701
13,775,425	
57,047,366	33,728,011
82,254,141	42,000,712

17 Other financial liabilities

Employee benefit expense payable

Bonus and leave encashment payable

Interest payable

Other payables

Total

31st March 2020 31st March 2019

872,870	438,716
598,272	177,114
2,228,204	538,716
851,558	85,000
4,550,904	1,239,546

18 Other current liabilities

Advance from customer

Other statutory dues payable

Total

31st March 2020 31st March 2019

26,933,187	49,045,169
870,416	598,801
27,803,603	49,643,970

Movement of contract liabilities is as under

As at the beginning of the year

Recognised as revenue from contract with customer

Advance returned back to customer

Advance from customer received during the year

Balance as closing of the year

31st March 2020 31st March 2019

49,045,169	2,692,589
48,914,039	64,563,287
-	
26,802,057	110,915,867
26,933,187	49,045,169



H L EQUIPMENTS

Schedules to the Financials Statements for the year ended March 31, 2020

19 Revenue from operations

Sale of products

Chemical plant and machinery

Other Operating Income

Jobwork income

Sale of scrap

Total

(In Rupees)
31st March 2020 31st March 2019

517,163,533	370,666,338
1,250,000	3,412,000
2,093,020	3,736,358
520,506,553	377,814,696

20 Other Income

Profit on sale of assets

Interest income

Cessation of liability

Miscellaneous income

31st March 2020 31st March 2019

117,668	76,788
161,743	25,764
195,487	267,124
157,796	79,270
632,694	448,946

21 Cost of raw material and component consumed

Inventories at the beginning of the year

Add: Purchases

Less: Inventories at the end of the year

Cost of raw material consumed

31st March 2020 31st March 2019

32,851,702	22,079,767
351,318,830	282,742,548
384,170,532	304,822,314
29,446,926	32,851,702
354,723,606	271,970,612

Change in inventories of Finished Goods & Work in Progress

Inventories at the end of the year

Work-in-progress

Finished goods

Inventories at the beginning of the year

Work-in-progress

Finished goods

Total (A) - (B)

31st March 2020 31st March 2019

47,698,898	42,278,875
30,619,069	5,833,117
78,317,967	48,111,992

42,278,875	23,783,571
5,833,117	12,860,035
48,111,992	36,643,606

(30,205,975)	(11,468,386)
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H L EQUIPMENTS

Schedules to the Financials Statements for the year ended March 31, 2020

		(In Rupees)	
		31st March 2020	31st March 2019
22	Employee benefits expense		
	Salary, wages and bonus	11,843,415	4,382,987
	Contribution to provident and other funds	343,728	382,920
	Staff welfare expenses	425,762	213,945
	Total	12,612,905	4,979,852
23	Finance costs		
	Interest cost - other	508,811	538,716
	Bank and other financial charges	433,182	218,979
	Interest on partner's capital	7,203,620	7,590,067
	Interest on income tax/tds	969,191	19,656
	Interest on unsecured loan	1,720,000	1,720,000
	Total	10,834,804	10,087,418
24	Depreciation and amortisation expenses		
	Depreciation on tangible assets	2,200,528	2,037,171
	Total	2,200,528	2,037,171
25	Other expenses		
	Consumption of stores and spares	21,649,110	6,861,333
	Power and fuel	1,926,322	1,393,373
	Sub-contracting expenses	40,968,222	24,133,472
	Other manufacturing expenses	1,248,242	816,147
	Freight and forwarding charges	8,903,784	4,897,419
	Drawings and installation charges	5,172,975	3,695,000
	Rent, rates and taxes	242,717	567,440
	Repairs and maintenance:		
	Plant and machinery	905,694	715,678
	Buildings	283,264	-
	Others Rep.	829,506	100,405
	Travelling and conveyance	336,802	33,014
	Insurance expenses	267,132	251,881
	Vehicle expenses	890,565	1,186,011
	Communication costs	344,508	229,149
	Computer expenses	85,442	25,726
	Printing and stationery	150,842	72,128
	Legal and professional fees*	4,149,526	1,692,965
	Provision for doubtful debts/advances/deposits	1,812,740	721,861
	Partners' remuneration	1,800,000	1,800,000
	Office expenses	296,237	212,477
	Donation	14,609	-
	Security expenses	1,774,054	1,205,657
	Warranty provision	621,551	-
	Brokerage and discounts	-	3,081
	Commission on sales	337,800	145,500
	Lodging and boarding expenses	940,641	158,228
	Others	713,707	414,950
	Total	96,665,992	51,332,896
	*Auditors remuneration		
	As auditor:		
	Audit fee	25,000	25,000
	Tax audit fee	10,000	10,000
	Total	35,000	35,000



HL EQUIPMENTS**Schedules to the Financials Statements for the year ended March 31, 2020**

25B The outbreak of Coronavirus disease (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The nationwide lockdown ordered by the Governments has resulted in significant reduction in economic activities and also the business operations of the firm. The management has considered the possible effects that may result from the pandemic on the carrying amount of property plant equipment, receivables, inventories etc.,. Based on the current indicators of future economic conditions, the management expects to recover the carrying amount of these assets. However, the management will continue to closely monitor any material changes to future economic conditions.

26 Related party disclosures**a) Names of related parties and description of their relationship:**

Description of related party	Name of related party	Description of Relationship
Related parties	HLE Glasscoat Ltd ('HLEGL')	Holding Company (Partner)
	Yashashvi Rasayan Pvt Ltd ('YRPL')	Companies under same management (Significant Influence)
	Aalap Patel	Partner
	Harsh Patel	Partner
	Himanshu Patel	Partner
	Sheetal Patel	Partner

b) Summary of transactions with above related parties are as follows:

Nature of transactions	March 31, 2020	March 31, 2019
Transactions during the year		
Interest on Partners Capital		
Aalap Patel	192,489	715,106
Harsh Patel	62,955	476,045
Himanshu Patel	367,455	2,276,096
HLE Glasscoat Ltd	6,517,392	3,997,853
Sheetal Patel	63,329	124,606
Partners Remuneration		
Sheetal Patel	1,800,000	1,800,000
Finished goods - Income from sale of plant and machinery or its parts		
- HLEGL	6,499,063	16,393,877
- YRPL	-	27,567,992
Jobwork income		
- HLEGL	1,250,000	3,412,000
Purchase of fixed assets		
- HLEGL	192,899	-
Purchase of finished goods		
- HLEGL	77,157	21,976,000
Purchase of raw material		
- HLEGL	116,187,734	108,147,156
Procurement of services		
- HLEGL	6,245,789	4,323,340
Share of Profit		
Aalap Patel	3,854,723	2,549,777
Harsh Patel	1,060,049	701,189
Himanshu Patel	3,951,091	2,613,522
HLE Glasscoat Ltd	38,547,227	25,497,771
Sheetal Patel	770,945	509,955
Nature of transactions	March 31, 2020	March 31, 2019
Balance outstanding at the end of the year		
Trade Payables		
- HLEGL	13,775,425	-
Trade receivable		



- HLEGL	95,054	5,097,140
- YRPL	4,093,000	11,925,978
Advance recoverable in cash or kind		
- HLEGL	405,000	-
Advance to Supplier		
- HLEGL	-	16,261,948

27 Contingent Liabilities :

a) Bank Gaurantees

Particulars	March 31, 2020	March 31, 2019
Bank Guarantee given	18,176,200	2,713,800

Bank Guarantee's facilities are provided from limits of HLEGLASCOAT Ltd and expenses incurred are borne by the firm
The Firm does not expect any reimbursement in respect of the above contingent liabilities

b)

A Survey proceedings u/s. 133A of the IT Act was conducted by the Income Tax Authorities on September 29, 2008. In this regard, the Department of Income Tax had issued a notice u/s 156 of IT Act. The Department has raised a demand notice dated 26.12.2018 to the tune of Rs. 2,79,30,660 by passing an assessment order u/s. 143(3) r.w.s 254 of the IT Act, of which Rs. 1,44,99,256 was paid. The company has further filed an Appeal with ACIT Valsad against this order.

28 Disclosures under The Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED'):

The details of liabilities to Micro and Small Enterprises defined in note-6 ' to the extent information available with the Partnership firm are given under:

Particulars	March 31, 2020	March 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier at end of each accounting year:		
- principal	11,431,350	8,272,701
- interest	862,787	-
The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006:		
- interest	-	-
- principal	39,559,312	2,634,519
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
The amount of Interest accrued and remaining unpaid at the end of each accounting year	324,071	538,716
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of Micro, Small and Medium Enterprises Development Act, 2006	862,787	538,716

Dues to MSME has been determined to the extent such parties have been identified on the basis of information certified by the partners. This has been relied upon by the auditors

29 In the opinion of the partners:

- The current Assets, loans & advances are approximately of the value stated , if realised in the ordinary course of the business
- The provisions for all known liabilities are adequate & not in excess of the amount reasonably necessary.

30 Working capital facilities from HDFC Bank is secured by hypothecation by way of charge on stock, book debts, letter of credit, fixed deposits and personnel gaurantee of Partners.

31 Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

For M.M. NISSIM & CO.
Chartered Accountants
Firm Reg. No.: 107122W

N. Kashinath
Partner
Membership No. 036490
Place: Mumbai
Date: 20th June, 2020



For and on behalf of HL Equipments


Himanshu K. Patel
(Partner)

Place: Surat
Date: 20th June, 2020


Aalap N. Patel
(Partner)

Place: Surat
Date: 20th June, 2020