

# ASHWANI K GUPTA & ASSOCIATES

## CHARTERED ACCOUNTANTS

H.No. 1044-A, Sector-2, Panchkula

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Spray Engineering Devices Limited

Report on the Audit of Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of Spray Engineering Devices Limited (hereinafter referred to as the "Holding Company") and its subsidiaries namely SED Engineers and Fabricators Pvt Ltd and Sustainable Environment Developers Limited ,(Holding company and its subsidiaries together referred as the "Group"), and its associates(IPRO Sugar Engineering Private Limited) which comprise the Consolidated balance sheet as at 31st March 2022, and the Consolidated statement of Profit and Loss, and Consolidated 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. (Hereinafter referred to as the "consolidated financial statements").

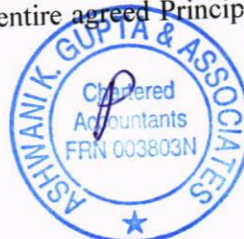
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs(consolidated financial position) of the Group and its associates as at March 31, 2022, and its consolidated profit(consolidated financial performance), and its consolidated cash flows and the consolidated changes in equity 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

- We draw attention to note No.43 regarding settlement by the company with one of its suppliers for Payment of Principal of Rs 463.31 lacs and net interest of Rs 149.14 lacs . As per the settlement agreement the company has paid the entire agreed Principal amount of Rs 463.31





lacs. However, the company has not provided for the aforesaid interest as the management is verbally in process of further negotiation with the said party to settle the above only on Principal amount.

Our opinion is not qualified in respect of this matter.

### **Information other than the Consolidated Financial Statements and Auditors' Report thereon**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

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

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the accounting Standards 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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





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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 scepticism 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.
- 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.

### Other Matters

1. We have not carried out the audit of the two subsidiary Companies namely We have relied on the audited financial statements of these subsidiaries namely for the Year ended March 31, 2022, which have been incorporated in the consolidated financial statements. The annual financial statements of subsidiaries reflect total assets of Rs. 67.54 lacs as at March 31, 2022 (Previous year Rs. 40.38 lacs), total revenues of Rs 87.68 lacs (Previous year Rs. 13.85 lacs) and net cash inflows/(Outflows) amounting Rs. (5.44) lacs for the year ended on that date (Previous year Rs. 3.32 lacs). The consolidated financial statements also include the Group's share of net loss of Rs.1.02 lacs (Previous year Rs.1 lac loss) as considered in the consolidated financial statements in respect of one Associate Company, whose financial statements/financial information have not been audited by us. These annual financial statements, as approved by the Board of Directors of the subsidiary companies and associates have been furnished to us by the management, and our report, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the reports of their auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditors.

2. We draw attention to Note 45 to the Consolidated Financial results in which the Company describes the uncertainties arising from the COVID 19 pandemic. Our opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. 1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

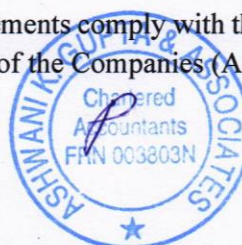
2. As required by Section 143(3) of the Act, we report that:

(1) 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 of the aforesaid consolidated financial statements.

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

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

(4) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.





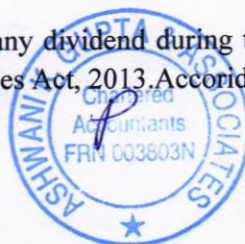
Ashwani. K. Gupta and Associates  
Chartered Accountants

(5) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors and the reports of the statutory auditors of its subsidiary companies and associates companies incorporated in India, none of the directors of the Group companies including associates are disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

(6) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure "B" which is based on the auditors' reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

(7) 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:

- (a) The Company has disclosed details regarding pending litigations in note 27 of consolidated financial statements, which may impact its financial position.
- (b) The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.
- (d) (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
  
(ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and  
  
(iii) Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.
- (e) The company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013. Accordingly the clause is not applicable





Ashwani. K. Gupta and Associates  
Chartered Accountants

(8) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act

For Ashwani K. Gupta & Associates

Chartered Accountants

Firm Regn. No.003803N



Paras Gupta

Partner

M. No.546125

Date: 16-09-2022

Place: Mohali

UDIN: 22546125ATHGTV9710



**ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT ON  
THE CONSOLIDATED FINANCIAL STATEMENTS OF SPRAY  
ENGINEERING DEVICES LIMITED**

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section  
of our report of even date)**

(xxi) According to the information and explanations given to us, the companies incorporated in India and included in the consolidated financial statements, there are no adverse remarks or qualified opinion included in their respective reports under Companies (Auditors Report) Order, 2020 ("CARO"), which have been reproduced as per the requirements of the Guidance Note on CARO in case of Subsidiary and Associates.

**For Ashwani.K.Gupta and Associates**  
Chartered Accountants  
(Firm's Registration No. 003803N)

*Paras*



**Paras Gupta**  
Partner  
(Membership No.546125)  
UDIN: 22546125ATHGTV9710

Place: Mohali

Date: 16.09.2022



**Annexure “B” to the Independent Auditor’s Report of even date on the Consolidated financial statements of Spray Engineering Devices Limited for the year ended 31<sup>st</sup> March 2022.**

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

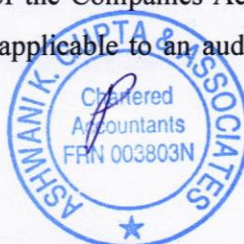
We have audited the internal financial controls over financial reporting of Spray Engineering Devices Limited (“the Holding Company”) as of March 31, 2022 and its subsidiary companies and its associates, which are companies incorporated in India, as of that date in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

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

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting and its subsidiary companies, which are companies incorporated in India based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls





and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that We comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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.





## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Ashwani.K.Gupta and Associates**  
Chartered Accountants  
(Firm's Registration No. 003803N)

*Paras*  


**Paras Gupta**  
Partner  
(Membership No.546125)  
UDIN: 22546125ATHGTV9710

Place: Mohali  
Date: 16.09.2022



**SPRAY ENGINEERING DEVICES LIMITED**  
**Consolidated Balance Sheet as at March 31, 2022**

Particulars	Notes	As at March 31, 2022 (In ₹ Lacs)	As at March 31, 2021 (In ₹ Lacs)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share Capital	3	2,243.88	2,243.88
(b) Reserves and Surplus	4	1,476.18	(56.28)
		<b>3,720.06</b>	<b>2,187.60</b>
<b>(2) Share application money pending allotment</b>			
<b>(3) Non-current liabilities</b>			
(a) Long-term borrowings	5A	451.36	323.26
(b) Deferred tax liabilities (Net)	11	-	-
(c) Long-term provisions	8	330.18	265.78
		<b>781.54</b>	<b>589.04</b>
<b>(4) Current liabilities</b>			
(a) Short-term borrowings	5B	1,460.16	1,989.58
(b) Trade payables (Including Acceptances)	6		
- For MSME		250.20	571.61
- Other than MSME		3,147.37	3,387.29
(c) Other current liabilities	7	8,892.49	3,665.93
(d) Short-term provisions	8	186.75	103.98
		<b>13,936.97</b>	<b>9,718.39</b>
<b>TOTAL</b>		<b>18,438.57</b>	<b>12,495.03</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment and Intangibles Assets	9		
- Property, Plant and Equipment		2,560.77	2,373.99
- Intangible Assets		60.25	43.82
- Capital work-in-progress		75.30	-
- Intangible assets under development		-	14.43
(b) Non-current investments	10	20.87	21.89
(c) Deferred tax Assets (Net)	11	-	-
(d) Long-term loans and advances	12	178.10	211.76
(e) Long-Term Inventories	16	-	204.91
(f) Other non-current assets	14	54.37	83.80
		<b>2,949.66</b>	<b>2,954.60</b>
<b>(2) Current assets</b>			
(a) Inventories	15	6,622.63	4,592.86
(b) Trade receivables	13	4,290.21	3,059.84
(c) Cash and cash equivalents	16	1,105.02	530.42
(d) Short-term loans and advances	12	3,458.07	1,350.19
(e) Other current assets	14	12.97	7.12
		<b>15,488.91</b>	<b>9,540.43</b>
<b>TOTAL</b>		<b>18,438.57</b>	<b>12,495.03</b>

**Summary of Significant Accounting Policies**

2.1

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

As per our report of even date

For Ashwani k Gupta & Associates

Chartered Accountants

FRN. 003803N

*Paras Gupta*

**Paras Gupta**

Partner

Membership No. 546125

UDIN: 22546125ATHGTV9710



For and on behalf of the Board of Directors

Spray Engineering Devices Limited

*Vivek Verma*  
**Vivek Verma**  
 Chairman & Managing Director  
 DIN: 00032970

*Prateek Verma*  
**Prateek Verma**  
 Whole-time Director  
 DIN: 00024740

*Manoj Gupta*  
**Manoj Gupta**  
 Chief Financial Officer

*Rinkal Goyal*  
**Rinkal Goyal**  
 Company Secretary  
 Membership No. F11321

Place: Mohali

Date: September 16, 2022



**SPRAY ENGINEERING DEVICES LIMITED**

**Consolidated Statement of Profit and Loss for the year ended March 31, 2022**

Particulars	Notes	For the Year Ended March 31,	For the Year Ended March
		2022	31, 2021
		(In ₹ Lacs)	(In ₹ Lacs)
<b>Income</b>			
Revenue from operations	17	21,494.41	11,069.48
Other income	18	117.74	75.74
<b>Total Income (I)</b>		<b>21,612.15</b>	<b>11,145.22</b>
<b>Expenses</b>			
Cost of raw material and components consumed	19	14,685.31	6,091.54
(Increase)/ decrease in inventories of finished goods,work-in-progress and stock-in-trade	20	(611.34)	149.10
Employee benefits expense	21	2,822.69	2,086.56
Provision for Bad & Doubtful Debts	22	-	85.23
Other expenses	23	2,421.23	1,426.38
<b>Total Expenses (II)</b>		<b>19,317.89</b>	<b>9,838.81</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)</b>		<b>2,294.26</b>	<b>1,306.41</b>
Depreciation and amortization expense	9	213.61	247.37
Finance costs	24	505.86	592.12
<b>Profit before tax ,Extraordinary items and prior period items</b>		<b>1,574.79</b>	<b>466.92</b>
Less : Prior Period Items	25	36.69	-
Less :Extraordinary items		-	-
<b>Profit before tax</b>		<b>1,538.10</b>	<b>466.92</b>
<b>Less : Tax expenses</b>			
Provision for Current Tax		116.37	0.12
Less: MAT Credit Entitlement		(112.07)	(0.01)
Taxation of earlier years		0.32	1.68
<b>Profit for the year</b>		<b>1,533.48</b>	<b>465.13</b>
<b>Profit before share in profit of associate &amp; Minority Interest</b>		<b>1,533.48</b>	<b>465.13</b>
Less:-Minority Interest		-	-
Add/Less:- Current Year Profit/(Loss) share of associate		(1.02)	(1.01)
		<b>1,532.46</b>	<b>464.12</b>
<b>Earnings per equity share [Nominal value of Share Rs.10 ]</b>	26	<u>Rs.</u>	<u>Rs.</u>
<b>Basic</b>		6.83	2.07
Computed on the basis of total profit/(loss) for the year			
<b>Diluted</b>		6.79	2.06
Computed on the basis of total profit/(loss) for the year			

**Summary of Significant Accounting Policies**

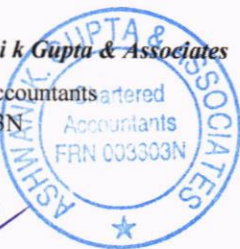
2.1

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

As per our report of even date

For Ashwani k Gupta & Associates

Chartered Accountants  
FRN. 003803N



*Paras Gupta*

**Paras Gupta**  
Partner

Membership No. 546125

UDIN: 22546125ATMGTV9710

For and on behalf of the Board of Directors  
Spray Engineering Devices Limited

*Vivek Verma*

**Vivek Verma**  
Chairman & Managing Director  
DIN: 00032970

*Pateek Verma*

**Pateek Verma**  
Whole-time Director  
DIN: 00024740

*Manoj Gupta*

**Manoj Gupta**  
Chief Financial Officer

*Rinkal Goyal*

**Rinkal Goyal**  
Company Secretary  
Membership No. F11321

Place: Mohali

Date: September 16,2022



**SPRAY ENGINEERING DEVICES LIMITED**  
**Consolidated Cash Flow Statement for the year ended March 31, 2022**

Particulars	For the Year Ended March 31, 2022 (In ₹ Lacs)	For the Year Ended March 31, 2021 (In ₹ Lacs)
<b>Cash flow from operating activities</b>		
- Profit/(Loss) before tax	1,574.79	466.92
<b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>		
- Depreciation/amortization	213.61	247.37
- Provision for Bad & Doubtful Debts	-	-
- Provision for advances to suppliers	-	-
- Profit on sale of Fixed Assets	(0.92)	(0.44)
- Unrealized foreign exchange gain	(32.71)	(0.86)
- Interest expense	505.86	592.12
- Interest income	(26.03)	(18.69)
<b>Operating profit before working capital changes</b>	<b>2,234.60</b>	<b>1,286.42</b>
<b>Movements in working capital :</b>		
- Increase/(decrease) in trade payables	(561.33)	(93.72)
- Increase/(decrease) in long-term provisions	64.40	10.43
- Increase/(decrease) in short-term provisions	82.77	(13.31)
- Increase/(decrease) in other current liabilities	5,226.56	832.18
- Decrease/(increase) in trade receivables	(1,230.37)	(623.29)
- Decrease/(increase) in inventories	(1,824.87)	(679.27)
- Decrease/(increase) in long-term loans and advances	33.66	(3.55)
- Decrease/(increase) in short-term loans and advances	(2,107.88)	43.14
- Decrease/(increase) in other current assets	(5.85)	4.64
- Decrease/(increase) in other Non-current assets	29.44	(38.74)
<b>Cash generated from/(used in) operations</b>	<b>1,941.12</b>	<b>724.92</b>
- Direct taxes paid (net of refunds)	(4.30)	(0.11)
- Prior Period Items (net)	(36.69)	-
- Taxation of earlier years	(0.32)	(1.68)
- Exceptional Items (net)	32.71	0.86
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>1,932.53</b>	<b>723.99</b>
<b>Cash flows from investing activities</b>		
- Purchase of fixed assets, including intangible assets and CWIP	(477.79)	(316.99)
- Investments in bank deposits (having original maturity of more than three months)	(445.16)	(172.47)
- Sale of Fixed Assets	1.02	1.02
- Interest received	26.03	18.69
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(895.90)</b>	<b>(469.75)</b>
<b>Cash flows from financing activities</b>		
- Proceeds/(Repayment) of long-term borrowings	128.10	321.33
- Proceeds/(Repayment) of short-term borrowings	(529.42)	(51.69)
- Interest paid	(505.86)	(592.12)
- Increase in share capital/securities premium	-	76.33
<b>Net cash flow from/(used in) in financing activities (C)</b>	<b>(907.18)</b>	<b>(246.15)</b>
<b>- Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>129.44</b>	<b>8.10</b>
- Cash and cash equivalents at the beginning of the year	36.59	28.49
<b>Cash and cash equivalents at the end of the Period</b>	<b>166.03</b>	<b>36.59</b>
<b>Components of cash and cash equivalents</b>		
- Cash in hand	36.25	11.32
- On Current account	129.78	25.27
<b>Total cash and cash equivalents (note 16)</b>	<b>166.03</b>	<b>36.59</b>

**Summary of Significant Accounting Policies**

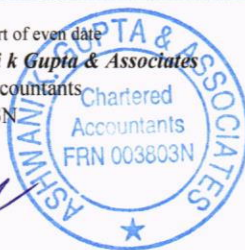
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As per our report of even date

For Ashwani k Gupta & Associates

Chartered Accountants

FRN. 003803N



Paras Gupta

Partner

Membership No. 546125

UDIN: 225462SATHGTU9710

Place: Mohali

Date: September 16, 2022

For and on behalf of the Board of Directors

Spray Engineering Devices Limited

*Vivek Verma*

Vivek Verma

Chairman & Managing Director

DIN: 00032970

*Manoj Gupta*

Manoj Gupta

Chief Financial Officer

*Prateek Verma*

Prateek Verma

Whole-time Director

DIN: 00024740

*Rinkal Goyal*

Rinkal Goyal

Company Secretary

Membership No. F11321



## Spray Engineering Devices Limited

### Notes to Consolidated Financial Statements for the year ended 31 March 2022

#### 1. Corporate information

Spray Engineering Devices Limited (“SEDL” or “the Company”) is a Public Limited Company incorporated on 8th November, 2004. The Company is engaged in the business of manufacturing of Cooling & Condensing System and Specifically Energy Efficient Equipments for the Sugar Industry.

SEDL together with its subsidiaries and associate is hereinafter referred to as 'the Group'

#### 2. Basis of preparation of Financial Statements

These Consolidated financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP), under the historical cost convention on the accrual basis and in compliance with all the mandatory accounting standards as prescribed under section 133 of the Companies Act, 2013 read with Rule 6 of the Companies (Accounts) Rules, 2014 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### 3. Basis of Consolidation

The Consolidated Financial Statements comprises of the financial statements of the company, its subsidiaries and associate as disclosed in Note 46 which are consolidated in accordance with Accounting Standard 21 on Consolidated Financial Statements & Accounting Standard 23 on accounting for Investments in Associates in Consolidated Financial Statements.

The Consolidated Financial Statements have been consolidated on the following basis:

- i) The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the balances of like items of assets, liabilities, income and expenditure after fully eliminating the intra-group balances and intra-group transactions resulting in unrealized profit or loss.
- ii) The financial statements of the associate have been accounted under the equity method as per Accounting standard 23 on accounting for Investments in Associates in Consolidated Financial Statements
- iii) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- iv) The excess of cost to the Company of its investments in the subsidiaries over its portion of equity of subsidiaries at the dates they become subsidiaries is recognized in the financial statements as goodwill.
- v) The excess of Company's portion of equity of the subsidiaries over the cost to the Company of its investments at the dates they become subsidiaries is recognized in the financial statements as capital reserve.



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Vivek Varg



**Spray Engineering Devices Limited**  
**Notes to Consolidated Financial Statements for the year ended 31 March 2022**

**3.1 Summary of Significant Accounting Policies**

**(a) Use of estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the financial statements and the reported amounts of revenues and expenses during the reporting period.

Difference between actual results and estimates are recognized in the periods in which the results are known/materialize.

**(b) Property, Plant & Equipment's**

Tangible Assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

**(c) Depreciation on Property, Plant & Equipments**

Depreciation on the Assets acquired at the time of acquisition is provided using the Straight Line Method based on useful life of assets and in the manner specified in the Schedule II of the Companies Act, 2013 except in case of Mobile Handset where the useful in considered as 2 years.

**(d) Intangible Assets**

*Cost of Software*

Costs of Software are capitalized and amortized on a straight-line basis over its useful life of three years.

*Drawings and Licenses*

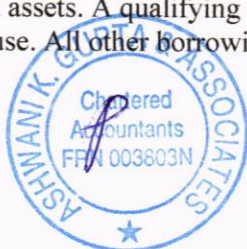
Drawings and licenses are capitalized and amortized on a straight-line basis over its estimated useful life or three years, whichever is lower.

**(e) Impairment of tangible and intangible assets**

The carrying amount of assets is reviewed at each balance sheet date for any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

**(f) Borrowing Costs**

Borrowing costs that are attributable to the acquisition of or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.



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# Spray Engineering Devices Limited

## Notes to Consolidated Financial Statements for the year ended 31 March 2022

### (g) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried 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.

### (h) Inventories

Inventories are valued as follows:	
Raw materials, components, stores and spares	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
Work-in-progress and finished goods	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 weighted average basis.
Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.	

### (i) Revenue recognition

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

#### *Sale of Goods / scrap*

Revenue is recognized in case of traded & manufactured products on dispatch of goods from the factory / other locations when substantial risks & rewards of ownership are transferred to the buyer. Sales are stated net of sales returns. Revenue is shown Sales net of Goods and Service Tax (GST).

Revenue in case of erection & commissioning jobs carried out is recognized on stage of completion as per the terms of related agreements / job orders.

Insurance Claims, export incentives, escalation, etc. are accounted for as and when the estimated amounts recoverable can be reasonably determined as being acceptable to the concerned authorities / parties.

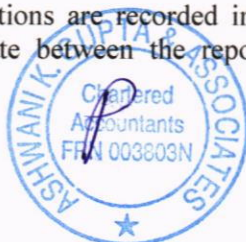
#### *Interest Income*

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

### (j) Foreign currency transactions

#### (i) *Initial Recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.



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## Spray Engineering Devices Limited

### Notes to Consolidated Financial Statements for the year ended 31 March 2022

#### (ii) 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. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

#### (iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

#### (k) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized 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. If the Group has carried forward of unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Group will pay normal Income Tax during the specified period.

#### (l) Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

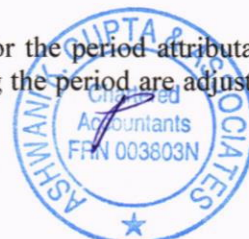
For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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## Spray Engineering Devices Limited

### Notes to Consolidated Financial Statements for the year ended 31 March 2022

#### (m) Provisions & Contingent liabilities

- (i) A provision is recognized when the Group 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.
- (ii) 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 Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

#### (n) Leases

*Where the Group is the lessee*

##### Finance Lease

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule II to the Companies Act, 2013, whichever is lower. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule II to the Companies Act, 2013.

##### Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

*Where the Group is the lessor*

##### Finance Lease

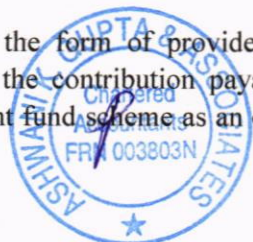
Leases in which the Group transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Group apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

##### Operating Lease

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

#### (o) Retirement Benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the





## Spray Engineering Devices Limited

### Notes to Consolidated Financial Statements for the year ended 31 March 2022

contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

The Group operates defined benefit plan for its employee's viz. gratuity. The costs of providing benefits under the plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

Measurement of costs of accumulated leave are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

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

#### (q) Employee Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

#### (r) Segment Reporting Policies

(i) Identification of segments:

The Group operating businesses are organized and managed according to the nature of products and predominant source of the risk for the Group is business product, therefore business segment has been considered as primary segment. The analysis of geographical segments is based on the areas in which the Group operates.

(ii) Segment Policies:

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

#### (s) Measurement of EBITDA

As permitted by the Guidance Note on the Schedule III to the Companies Act, 2013, the Group has selected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Group measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Group does not include depreciation and amortization expense, finance costs and tax expense.





**SPRAY ENGINEERING DEVICES LIMITED**
**Notes to Consolidated financial statements for the year ended March 31, 2022**
*(In ₹ Lacs)*
**3. Share capital**
**Authorized shares**

24,050,000 (31 March 2021: 24,050,000) equity shares of Rs.10 each

**Issued shares**

22,586,781 (31 March 2021: 22,586,781) equity shares of Rs.10 each

**Subscribed and fully paid-up shares**

22,586,781 (31 March 2021: 22,586,781) equity shares of Rs.10 each

**Less: Amount Recoverable from Employees Welfare Trust**

148,031 (31 March 2021: 1,48,031 ) equity shares of Rs.10 each

**Total Subscribed and fully paid-up shares**

	As at March 31, 2022	As at March 31, 2021
Authorized shares	2,405.00	2,405.00
Issued shares	2,258.68	2,258.68
Subscribed and fully paid-up shares	2,258.68	2,258.68
Less: Amount Recoverable from Employees Welfare Trust	(14.80)	(14.80)
<b>Total Subscribed and fully paid-up shares</b>	<b>2,243.88</b>	<b>2,243.88</b>

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**
**Equity shares :**

	As at March 31, 2022		As at March 31, 2021	
	No.	(In ₹ Lacs)	No.	(In ₹ Lacs)
At the beginning of the period	22438750	2,243.88	22105093	2,210.51
Issued during the period	-	-	333657	33.37
<b>Outstanding at the end of the period</b>	<b>22438750</b>	<b>2,243.88</b>	<b>22438750</b>	<b>2,243.88</b>

**b. Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Details of shareholders holding more than 5% shares in the Company**

	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% holding in the class	No. of shares	% holding in the class
<b>Equity shares of Rs.10 each fully paid</b>				
Mr. Vivek Verma (Chairman cum Managing Director)	12806661	56.70%	12806661	56.70%
Mr. Prateek Verma (Wholtime Director)	5989987	26.52%	5989987	26.52%
Klondike Investments Ltd.	2823348	12.50%	2823348	12.50%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**d. Disclosure for Shareholding of Promotors**
**Shares held by promotors at the end of the year (March 31,2022)**
**Equity shares of Rs.10 each fully paid up**

Sr. No.	Promotor name	No. of Shares	% of Total Shares	% Change during the year
1.	Mr. Vivek Verma	12806661	56.70%	0.00%
2.	Mr. Prateek Verma	5989987	26.52%	0.00%

**Shares held by promotors at the end of the year (March 31,2021)**
**Equity shares of Rs.10 each fully paid up**

Sr. No.	Promotor name	No. of Shares	% of Total Shares	% Change during the year
1.	Mr. Vivek Verma	12806661	56.70%	0.00%
2.	Mr. Prateek Verma	5989987	26.52%	0.00%

**4. Reserves and surplus**
**Securities premium account**

Opening Balance

Add: Additions on ESOP

Closing Balance

	As at March 31, 2022	As at March 31, 2021
Opening Balance	5,709.54	5,666.58
Add: Additions on ESOP	-	42.96
<b>Closing Balance</b>	<b>5,709.54</b>	<b>5,709.54</b>

**Surplus/(deficit) in the statement of profit and loss**

Balance as per last financial statements

Profit/ (loss) for the year

**Net surplus/(deficit) in the statement of profit and loss**
**Total reserves and surplus**

Balance as per last financial statements	(5,765.82)	(6,229.94)
Profit/ (loss) for the year	1,532.46	464.12
<b>Net surplus/(deficit) in the statement of profit and loss</b>	<b>(4,233.37)</b>	<b>(5,765.82)</b>
<b>Total reserves and surplus</b>	<b>1,476.18</b>	<b>(56.28)</b>





**SPRAY ENGINEERING DEVICES LIMITED**

**Notes to Consolidated financial statements for the year ended March 31, 2022**

**5A. Long Term Borrowings**

	(In ₹ Lacs)	
	As at March 31, 2022	As at March 31, 2021
Finance lease obligation (secured) Amount disclosed under the head "Other Current Liabilities" (refer note no. 7)	125.75 (27.45)	32.87 (7.96)
<b>(A)</b>	<b>98.30</b>	<b>24.91</b>
Term Loans from Banks Amount disclosed under the head "Short Term Borrowings" (refer note no. 5B)	490.34 (137.28)	537.15 (238.80)
<b>(B)</b>	<b>353.06</b>	<b>298.35</b>
<b>(A+B)</b>	<b>451.36</b>	<b>323.26</b>

i) Finance lease obligation of Rs.125.75 Lacs (31 March 2021: Rs.32.87 Lacs) is in respect of various vehicles which are secured by hypothecation of the vehicles financed. All the loans are repayable in 48 to 60 monthly instalments and carrying interest rate ranging from 7.75% to 8.30% p.a.

ii) Rs. 5.95 Lacs (P.Y.Rs. 73.50 Lacs) outstanding of Working Capital Demand loan with total sanction limit of Rs.84.00 lacs is taken from Bank of India at interest rate 1 year MCLR i.e 7.95 % p.a. secured by 1st pari passu charge by way of hypothecation of stock/ book debts/bills and other chargeable Current assets ( present and future) and collateral security of entire fixed assets( existing and future) excluding land and building at plot no 76 Industrial area, baddi, Land and building at plot no 245-246, Industrial area, Baddi, Land and building at plot no 395-398 near Cola Cola factory, village billanwali, Baddi, 4 flats situated at Baddi in the name of the company.The loan is further secured by Personal Guarantee of Mr. Vivek Verma and Mr Prateek Verma . The loan is repayable by way of monthly installement of 18 months commencing from November, 2020 and ending in April, 2022.

iii) Rs. 110.96 Lacs (P.Y. Rs. 144.00 Lacs) outstanding Working Capital term loan total sanction limit of 144 lakhs is taken from Bank of India at interest rate 0.65 % over RBLR (presently 6.85 %) effective 7.5% secured by 1st pari passu charge by way of hypothecation of stock/book debts/bills and other chargeable Current assets ( present and future) and collateral security of entire fixed assets (existing and future) excluding land and building at plot no 76 Industrial area, baddi, Land and building at plot no 245-246, Industrial area Baddi, Land and building at plot no 395-398 near Cola Cola factory, village billanwali, Baddi,4 flats situated at Baddi in the name of the company.The loan is further secured by Personal Guarantee of Mr. Vivek Verma and Mr Prateek Verma . The loan is repayable by way of monthly installement of 36 months commencing from July,2021 and ending in June,2024.

iv) Rs. 174.77 Lacs (P.Y.Rs.233.00 Lacs) Working Capital term loan with total sanction limit of 233 lakhs is taken from Canara Bank interest rate MCLR( June 20) i.e 7.65 % pa. at present subject to maximum 9.25 % p.a. secured by 1st pari passu charge of current assets ( present and future) and collateral security of entire fixed assets( existing and future) excluding land and building at plot no 76 Industrial area, baddi, Land and building at plot no 245-246, Industrial area Baddi, Land and building at plot no 395-398 near Cola Cola factory, village billanwali, Baddi,4 flats situated at Baddi in the name of the company.The loan is further secured by Personal Guarantee of Mr. Vivek Verma and Mr Prateek Verma . The loan is repayable by way of monthly installement of 36 months commencing from July,2021 to June,2024.

v) Rs.6.66 Lacs (P.Y.Rs. 86.65 Lacs) Working Capital Demand Loan with total Sanction Limit of 120 Lakhs is taken from Canara Bank at the interest rate MCLR(April 2020) i.e 7.85 % p.a. secured by 1st pari passu charge of current assets ( present and future) and collateral security of entire fixed assets( existing and future) excluding land and building at plot no 76 Industrial area, baddi, Land and building at plot no 245-246, Industrial area Baddi, Land and building at plot no 395-398 near Cola Cola factory, village billanwali, Baddi,4 flats situated at Baddi in the name of the company.The loan is further secured by Personal Guarantee of Mr. Vivek Verma and Mr Prateek Verma . The loan is repayable by way of monthly installement of 18 months commencing from November,2020 and ending in April, 2022.

v) Rs. 120 Lacs (P.Y.Rs.Nil) Working Capital Term Loan with total Sanction Limit of 120 Lakhs from Canara Bank @interest rate of 7.50% p.a. secured by 1st pari passu charge of current assets ( present and future) and collateral security of entire fixed assets( existing and future) excluding land and building at plot no 76 Industrial area, baddi, Land and building at plot no 245-246, Industrial area Baddi, Land and building at plot no 395-398 near Cola Cola factory, village billanwali, Baddi,4 flats situated at Baddi in the name of the company.The loan is further secured by Personal Guarantee of Mr. Vivek Verma and Mr Prateek Verma . The loan is repayable by way of monthly installement of 36 months commencing from December,2023 and ending in November,2026.

vi) Rs.72 Lacs (P.Y.Rs.Nil) outstanding of Working Capital Term loan with total sanction limit of 72 lakhs is taken from Bank of India @ interest rate of 7.50% p.a. secured by 1st pari passu charge by way of hypothecation of stock/ book debts/bills and other chargeable Current assets ( present and future) and collateral security of entire fixed assets( existing and future) excluding land and building at plot no 76 Industrial area, baddi, Land and building at plot no 245-246, Industrial area, Baddi, Land and building at plot no 395-398 near Cola Cola factory, village billanwali, Baddi, 4 flats situated at Baddi in the name of the company.The loan is further secured by Personal Guarantee of Mr. Vivek Verma and Mr Prateek Verma . The loan is repayable by way of monthly installement of 36 months commencing from November, 2023 and ending in October, 2026.

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**SPRAY ENGINEERING DEVICES LIMITED**  
**Notes to Consolidated financial statements for the year ended March 31, 2022**

**5B. Short Term Borrowings**

	(In ₹ Lacs)	
	As at March 31, 2022	As at March 31, 2021
<b>Secured</b>		
- Cash credit from banks	1,311.33	1,653.05
- Current maturities of long-term borrowings (refer note no. 5A)	137.28	238.80
<b>Unsecured</b>		
- Loans from NBFCs	11.55	97.08
- Loans from Related Parties	-	0.65
<b>Total</b>	<b>1,460.16</b>	<b>1,989.58</b>

i) Cash credit limits of Rs. 1311.33 Lacs (31 March 2021 : Rs.1653.05 Lacs) is secured by first pari passu charge on current assets (existing and future) of the company in favour of Canara Bank and Bank of India & further secured by first pari passu charge on entire fixed assets (existing and future) including Land and Building at Plot no. 76, Ind. area, 2250 sq. mtrs. Baddi, HP (Unit-1) and Land and Building at Plot no. 245-246, Ind. area, 1800 sq. mtrs. Baddi, HP (Unit-2) and EMT of Land and Building of No. 395-398 near Coca Cola Factory, Village- Billanwali, Baddi, Dist.- Solan, HP (Unit-3) and EMT of 4 Flats standing in the name of the Company situated at Baddi (HP).

ii) Secured loans are further secured by personal guarantee of the promoters namely Mr. Vivek Verma and Mr. Prateek Verma.

iii) Loans from NBFC of Rs. 11.55 Lacs (31 March 2021: Rs.97.08 Lacs) is unsecured loan which is carrying simple interest rate @9.00% p.a.

**6. Trade Payables**

- Trade payables
- Due to Micro, Small and Medium Enterprises \*
  - Other than Micro, Small and Medium Enterprises

	(In ₹ Lacs)	
	As at March 31, 2022	As at March 31, 2021
	250.20	571.61
	3,147.37	3,387.29
	<b>3,397.57</b>	<b>3,958.90</b>

**Trade Payables aging schedule for the year ended as March 31, 2022 and March 31, 2021**

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
MSME	232.06	0.69	2.57	14.88	250.20
	453.07	33.60	8.73	76.21	571.61
Others	1937.69	214.05	30.95	890.09	3072.78
	2109.23	99.44	206.87	897.16	3312.70
Disputed dues-MSME	-	-	-	-	-
Disputed dues-Others	-	-	-	74.59	74.59
	0.00	0.00	0.00	74.59	74.59
<b>Total Trade Payables</b>	<b>2,169.75</b>	<b>214.74</b>	<b>33.52</b>	<b>979.56</b>	<b>3,397.57</b>
	<b>2,562.30</b>	<b>133.04</b>	<b>215.60</b>	<b>1,047.96</b>	<b>3,958.90</b>

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**SPRAY ENGINEERING DEVICES LIMITED**

**Notes to Consolidated financial statements for the year ended March 31, 2022**

The Company had sought confirmation from the vendors whether they fall in the category of Micro ,Small and Medium Enterprises. Based on the information available, the required disclosure for Micro, Small and Medium Enterprises under the above Act is given below :

Disclosures required under Sec 22 of MSMED Act, 2006

(i) the principal amount and the interest due thereon remaining unpaid to any supplier

- Principal amount	250.20	571.61
- Interest thereon (Disclosed in other current liability) *	5.31	14.58

(ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day

(iii) the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act

(iv) the amount of interest accrued and remaining unpaid

(v) 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 as a deductible expenditure under section 23 of this ACT

\* Interest has not been provided for the parties covered under MSME Act whose payment terms are against Letter of Credit, more than or less than 45 days but whose payments have already been made till date and therefore no claim will arise for delay payments as per MSME Act. Interest is provided under MSME Act in case of those parties whose balances is outstanding.

**7. Other current liabilities**

Current maturities of finance lease obligations (refer note no. 5A)

Interest accrued but not due on borrowings

Cheques issued but not yet presented for payment

Advance from customers

Salary and reimbursement payable to employees

Directors remuneration payable

Duties & taxes payable

Interest Payable to MSME

Others

	(In ₹ Lacs)	
	As at March 31, 2022	As at March 31, 2021
	27.45	7.96
	1.77	20.75
	189.30	-
	8,026.23	2,807.88
	325.64	456.89
	29.77	40.54
	54.47	81.29
	5.31	14.58
	232.55	236.04
	<b>8,892.49</b>	<b>3,665.93</b>

**8. Provisions**

**Provision for employee benefits**

Provision for gratuity (refer note no. 34)

Provision for leave benefits (refer note no. 34)

**Other provisions**

Provision for warranties (refer note no. 35)

Provision for Performance (refer note no. 35)

Provision for Taxation

**Total ( A + B )**

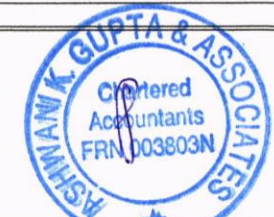
	Long-term		Short-term	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
	240.55	205.70	26.13	20.53
	89.63	60.08	10.45	5.89
(A)	<b>330.18</b>	<b>265.78</b>	<b>36.58</b>	<b>26.42</b>
	-	-	49.72	32.60
	-	-	86.39	44.85
	-	-	14.06	0.11
(B)	<b>-</b>	<b>-</b>	<b>150.17</b>	<b>77.56</b>
<b>Total ( A + B )</b>	<b>330.18</b>	<b>265.78</b>	<b>186.75</b>	<b>103.98</b>

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**SPRAY ENGINEERING DEVICES LIMITED**  
Notes to Consolidated financial statements for the year ended March 31, 2022

**9. Property, Plant and Equipment & Intangible Assets**

Tangible Assets	Particulars	Gross Block				Accumulated Depreciation				Net Block	
		As at April 1, 2021	Additions during the Year	Adjustments/ Disposals of Assets	As at March 31, 2022	As at April 1, 2021	Depreciation charge for the Year	Adjustments/ Disposals of Assets	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
	Land	323.77	-	-	323.77	-	-	-	-	323.77	323.77
	Factory Building	2,241.67	-	-	2,241.67	70.77	-	953.80	1,287.87	1,287.87	1,358.64
	Plant & Machinery	2,426.93	221.21	-	2,648.14	61.42	-	1,999.29	648.85	648.85	489.06
	Furniture & Fixture	168.89	4.84	-	173.73	3.76	-	143.40	30.33	30.33	29.25
	Computers and related hardwares	165.85	25.34	-	191.19	22.90	-	130.77	60.42	60.42	57.99
	Office Equipments	161.98	10.72	-	172.70	7.21	-	138.24	34.46	34.46	30.94
	Motor Vehicles	182.33	115.63	-	293.86	24.81	-	118.79	175.07	175.07	84.34
	Leasehold Improvements	5.95	-	-	5.95	-	-	5.95	-	-	-
	<b>TOTAL</b>	<b>5,677.37</b>	<b>377.74</b>	<b>-</b>	<b>6,051.01</b>	<b>190.87</b>	<b>-</b>	<b>3,490.24</b>	<b>4.00</b>	<b>2,560.77</b>	<b>2,373.99</b>
	Previous Year	5,475.13	265.68	-	5,677.37	222.64	-	3,303.38	62.87	2,373.99	2,331.51
	<b>Intangible Assets</b>										
	Package & software	578.29	39.18	-	617.47	22.75	-	557.22	-	60.25	43.82
	Drawing & Copyrights	109.75	-	-	109.75	-	-	109.75	-	-	-
	<b>TOTAL</b>	<b>688.04</b>	<b>39.18</b>	<b>-</b>	<b>727.22</b>	<b>22.75</b>	<b>-</b>	<b>666.97</b>	<b>-</b>	<b>60.25</b>	<b>43.82</b>
	Previous Year	651.17	36.88	-	688.04	24.74	-	644.22	-	43.82	31.68
	<b>Intangible assets under development</b>										
	<b>PARTICULARS</b>	<b>As at April 1, 2021</b>	<b>Additions during the Year</b>	<b>Adjustments/ Disposals of Assets</b>	<b>As at March 31, 2022</b>						
	ERP Package	14.43	24.75	-	39.18						
	<b>TOTAL</b>	<b>14.43</b>	<b>24.75</b>	<b>-</b>	<b>39.18</b>						
	Previous Year	-	14.43	-	14.43						
	<b>Capital Work-in-Progress</b>										
	<b>PARTICULARS</b>	<b>As at April 1, 2021</b>	<b>Additions during the Year</b>	<b>Adjustments/ Disposals of Assets</b>	<b>As at March 31, 2022</b>						
	Project in progress	-	75.30	-	75.30						
	<b>TOTAL</b>	<b>-</b>	<b>75.30</b>	<b>-</b>	<b>75.30</b>						
	Previous Year	-	-	-	-						
	<b>CWIP Aging Schedule</b>										
	<b>CWIP</b>		<b>Amount in CWIP for a period of</b>								
		<b>Less than 1 Year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>More than 3 years</b>	<b>Total</b>					
	Projects in progress	75.30	0.00	0.00	0.00	75.30					
	Projects temporarily suspended	0.00	0.00	0.00	0.00	0.00					
	<b>Total CWIP</b>	<b>75.30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75.30</b>					

(In ₹ Lacs)



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**SPRAY ENGINEERING DEVICES LIMITED**

**Notes to Consolidated financial statements for the year ended March 31, 2022**

**10. Non-current investments**

Trade investments (valued at cost unless stated otherwise)

Unquoted equity instruments

**Investment in associates**

25,000 (31 March 2021: 25,000) Equity shares of Rs.10 each fully

paid-up in IPROSugar Engineering Private Limited

Add:-Share of Accumulated Reserves/Profits

Add:-Share of Current Year Profit/(Loss)

31-03-22

31-03-21

2.50

2.50

19.39

20.40

-1.02

-1.01

As at

March 31, 2022

(In ₹ Lacs)

As at

March 31, 2021

20.87

21.89

**Others**

300,000 (31 March 2021: 300,000) Equity shares of Rs.100 each fully

paid-up in Sri Saibaba Sugar Limited

300.00

300.00

(A)

320.87

321.89

Less : Provisions for diminution in value

Unquoted Equity Instruments

- Sri Saibaba Sugar Limited

300.00

300.00

Aggregate provision for diminution in value of investments

(B)

300.00

300.00

Non-current investments (net) ( A - B)

20.87

21.89

**11. Deferred tax (assets)/liability (net)**

Tax Rate

Deferred tax liability

Fixed assets: Impact of difference between Carrying Value as per IT Act & Companies Act

As at

March 31, 2022

As at

March 31, 2021

16.692%

16.692%

199.27

204.31

(A)

199.27

204.31

Gross deferred tax liability

Deferred tax asset

Provision for Employee Benefit Expenses

Provision for doubtful debts and advances

Provision for Diminution in value of Investments

Brought forward depreciation/Business losses

Gross deferred tax asset

Net deferred tax (assets)/ liability ( A - B )\*

61.22

48.77

224.63

495.65

50.24

50.24

76.56

117.96

(B)

412.65

712.62

\* The Company follows Accounting Standard (AS-22) "Accounting for taxes on Income". In view of virtual certainty as laid down by the Standard not being established, the Company has recognized deferred tax assets only to the extent of deferred tax liability as on the balance sheet date.

**12. Loans and advances**

Capital advances

Unsecured, considered good

Advances recoverable in cash or kind

Advances to Suppliers

Unsecured, considered good

Unsecured, considered doubtful

Other Advances

Less : Provision for doubtful advances

Other loans and advances

Advance Tax/ Tax Deducted at Source (net of provision for taxation)

Income tax paid under protest

MAT credit entitlement (refer note no. 31)

Export Incentive Licenses

Duty Drawback Receivables

Other Recoverables

Prepaid expenses

Balances with statutory/Government authorities

Total (A+ B + C)

Non-Current

As at

March 31, 2022

Current

As at

March 31, 2022

As at

March 31, 2021

As at

March 31, 2021

-

-

-

-

-

-

-

-

-

-

-

2,152.41

355.14

-

19.46

19.63

-

35.00

35.00

-

2,206.87

409.77

-

19.46

19.63

61.05

61.04

9.67

2.11

113.57

113.57

-

-

3.48

1.11

1,001.39

891.69

-

-

3.64

3.82

-

-

5.25

4.27

-

-

9.51

25.16

-

54.81

32.98

-

186.39

0.02

178.10

175.72

1,270.66

960.05

178.10

211.76

3,458.07

1,350.19



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**SPRAY ENGINEERING DEVICES LIMITED**  
Notes to Consolidated financial statements for the year ended March 31, 2022

Particulars	(In ₹ Lacs)			
	Non - Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Trade Receivable Considered Good - Unsecured			4,290.21	3,059.84
(A)			<b>4,290.21</b>	<b>3,059.84</b>
Trade Receivable Considered Doubtful - Unsecured			1,373.11	2,996.72
Less : Allowance for Doubtful Receivables			1,373.11	2,996.72
(B)			-	-
<b>Total Trade Receivables</b>	(A+B)		<b>4,290.21</b>	<b>3,059.84</b>

Trade Receivables aging schedule for the year ended as March 31, 2022 and March 31, 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
	(In ₹ Lacs)					
Undisputed Trade Receivables - considered good	1763.03	850.17	388.18	257.91	523.82	3783.11
	1517.51	149.31	115.67	219.20	364.18	2365.86
Undisputed Trade Receivables - considered doubtful	0.00	0.00	0.00	0.00	1373.11	1373.11
	0.00	0.00	26.00	101.84	2868.88	2996.72
Disputed Trade Receivables - considered good	0.00	0.00	0.00	0.00	507.10	507.10
	0.00	0.00	0.00	0.00	693.97	693.97
Disputed Trade Receivables - considered doubtful	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00
	<b>1763.03</b>	<b>850.17</b>	<b>388.18</b>	<b>257.91</b>	<b>2404.04</b>	<b>5663.32</b>
	1517.51	149.31	141.67	321.04	3927.03	6056.55
Less:-Allowance for doubtful receivables						1373.11
						2996.72
<b>Total Trade Receivables</b>						<b>4290.21</b>
						<b>3059.84</b>

**14 Other assets**

Particulars	(In ₹ Lacs)			
	Non - Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Security deposit (Unsecured, considered good)				
- With related parties	-	0.50	-	-
- Others	54.37	76.31	-	-
(A)	<b>54.37</b>	<b>76.81</b>	-	-
Others				
Non-current bank balances (refer note no. 16)	-	6.99	-	-
Interest accrued on Margin Money	-	-	12.97	7.12
(B)	-	<b>6.99</b>	<b>12.97</b>	<b>7.12</b>
<b>Total (A+B)</b>	<b>54.37</b>	<b>83.80</b>	<b>12.97</b>	<b>7.12</b>

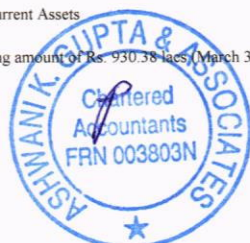
**15. Inventories (valued at lower of cost and net realizable value)**

Particulars	(In ₹ Lacs)			
	Non - Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Raw materials and components includes in transit of Rs.0.00 Lacs (31 March, 2021 Rs. 174.27 Lacs)	-	-	4,058.12	2,793.94
Work-in-progress	-	-	1,781.10	1,389.71
<u>Work-in-progress at site</u>				
Transfer from opening debtors	-	137.06	-	-
Addition for the year	-	67.85	-	-
Closing Work-in-progress at site	-	204.91	-	-
Finished goods	-	-	598.73	310.93
Stores and spares	-	-	184.68	98.28
<b>Total</b>	-	<b>204.91</b>	<b>6,622.63</b>	<b>4,592.86</b>

**16. Cash and Cash Equivalents**

Particulars	(In ₹ Lacs)	
	As at	As at
	March 31, 2022	March 31, 2021
Balances with banks:		
-On current accounts	129.78	25.27
Cash on hand	36.25	11.32
Other bank balances		
-Fixed deposit	8.61	8.24
-Margin money deposit*	930.38	492.58
Less : Amount disclosed under Non-Current Assets	-	6.99
<b>Total</b>	<b>1,105.02</b>	<b>530.42</b>

\* Margin money deposits with a carrying amount of Rs. 930.38 lacs (March 31, 2021: Rs.492.58 lacs) given as security against non-fund based limits sanctioned by banks.



**SPRAY ENGINEERING DEVICES LIMITED**

**Notes to Consolidated financial statements for the year ended March 31, 2022**

(In ₹ Lacs)

**17. Revenue from operations**

**Revenue from operations**

**Sale of products**

	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Finished goods	20,371.27	10,811.16
Sale of services	598.60	129.19
<b>Other operating revenue</b>		
Income From Export Incentives	2.08	5.94
Scrap sales	522.46	123.19
	<b>21,494.41</b>	<b>11,069.48</b>

**Details of products sold**

**Finished goods sold**

	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Sale of Sugar Machineries & their Parts	10,397.20	4,103.29
Sale of Low Temperature Evaporator /MVR and its parts	9,974.07	6,707.87
	<b>20,371.27</b>	<b>10,811.16</b>

(In ₹ Lacs)

**18. Other income**

**Interest income on**

	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Bank deposits	25.86	18.46
Security Deposit	0.17	0.23

**Other non-operating income**

Provisions written back	8.07	0.01
Reversal of Interest payable to MSME	11.29	55.28
Gain/Loss on Foreign Exchange Fluctuation (Net)	32.71	0.86
Profit on Sale of Assets	0.92	0.44
Miscellaneous Income	28.99	0.47
Bad debts Recovered	9.73	-
<b>Total</b>	<b>117.74</b>	<b>75.74</b>

(In ₹ Lacs)

**19. Cost of raw material and components consumed**

	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Inventory at the beginning of the year	2,619.67	1,875.86
Add: Purchases	16,123.76	6,835.35
	<b>18,743.43</b>	<b>8,711.21</b>
Less: inventory at the end of the year	4,058.12	2,619.67
Cost of raw material and components consumed	<b>14,685.31</b>	<b>6,091.54</b>

(In ₹ Lacs)

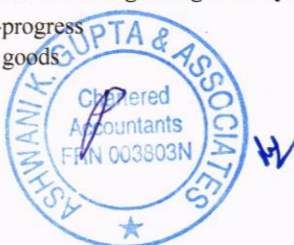
**20. (Increase)/decrease in inventories**

**Inventories at the end of the year**

	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Work-in-progress	1,781.10	1,389.71
Work-in-progress at site classified as long term	-	67.85
Finished goods	598.73	310.93
	<b>2,379.83</b>	<b>1,768.49</b>

**Inventories at the beginning of the year**

Work-in-progress	1,457.56	1,720.84
Finished goods	310.93	196.75
	<b>1,768.49</b>	<b>1,917.59</b>
	<b>(611.34)</b>	<b>149.10</b>





**SPRAY ENGINEERING DEVICES LIMITED****Notes to Consolidated financial statements for the year ended March 31, 2022****21. Employee benefit expense**

	(In ₹ Lacs)	
	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Salaries, wages and bonus	2,432.07	1,732.54
Director Remunerations	80.11	83.35
Contribution to provident and other fund	102.05	88.76
Gratuity and EL expenses	77.36	68.59
Staff welfare expenses	131.10	85.15
ESOP expenses	-	28.18
	<b>2,822.69</b>	<b>2,086.56</b>

**22. Provision for Bad & Doubtful Debts**

	(In ₹ Lacs)	
	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Provision for Bad & Doubtful Debts	-	85.23
	<b>-</b>	<b>85.23</b>

**23. Other expenses**

	(In ₹ Lacs)	
	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
<b>Other Manufacturing Expenses</b>		
Consumption of stores and spares	96.92	69.46
Power and Electricity Charges	85.94	89.75
Project Site Expenses	501.38	102.10
Job Work Charges	89.02	62.65
<b>Repair &amp; Maintenances</b>		
- Plant & Machinery	95.55	7.86
- Building	50.89	4.29
<b>Administration, Selling and other expenses</b>		
Freight, Cartage and Octroi (Net)	226.07	163.06
Commissions	106.30	95.92
Travel & Conveyance	205.26	128.64
Rent	203.50	181.60
Rate, Fee and Taxes	73.00	64.89
Insurance	14.19	11.37
Payment to auditor	7.75	10.55
Warranty Expenses	50.98	28.43
Bad debts written off	1,635.02	-
Less:- Reversal of Provision created on the same	<u>1,615.71</u>	-
Provision for Doubtful Advances	-	19.63
Vehicle and other maintenances	90.68	47.68
Advertisement, Publicity and Sales Promotion	57.24	7.30
Communication Cost	27.70	36.77
Legal & Professional Charges	123.37	92.81
Balances written off	91.83	30.98
Website and Software Expenses	111.44	72.21
Other Miscellaneous Expenses	92.92	98.43
	<b>2,421.23</b>	<b>1,426.38</b>

**Payment to auditor includes :-****As auditor:**

Statutory Audit fee

	(In ₹ Lacs)	
	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
	7.75	10.55
	<b>7.75</b>	<b>10.55</b>



**SPRAY ENGINEERING DEVICES LIMITED**

Notes to Consolidated financial statements for the year ended March 31, 2022

(In ₹ Lacs)

**24. Finance costs**

Interest expense  
 - on Term Loan  
 - on Cash Credit Loan  
 - on Vehicle loan  
 Other borrowing costs  
 others  
 Other borrowing cost

	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
	35.82	46.15
	189.83	273.89
	10.48	1.95
	269.73	270.13
	46.43	32.78
	223.30	237.35
	<b>505.86</b>	<b>592.12</b>

**25. Prior Period Items**

Prior Period Income/ Expenses  
 Various Other expenses of earlier years

	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
	36.69	-
	<b>36.69</b>	<b>-</b>

**26. Earnings per share (EPS)**

The following reflects the profit/(loss) and share data used in the basic and diluted EPS computations:

Net profit/(loss) for calculation of basic and diluted EPS (Rs. In Lacs)

Weighted average number of equity shares in calculating basic EPS

Effect of dilution:

Weighted average number of equity share issued to Employee Welfare Trust.  
 (Stock options granted under ESOP)

Weighted average number of equity shares in calculating diluted EPS

Basic EPS (Rs.)

Diluted EPS (Rs.)

	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
	1,533.48	465.13
<u>No. of Shares (in Lacs)</u>	224.39	224.39
	1.48	1.48
	<b>225.87</b>	<b>225.87</b>
	6.83	2.07
	6.79	2.06



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**27. Contingent Liability**

- a. Guarantees given by banks on behalf of the Group is Rs. 2.85 Lacs (P.Y. Rs. 178.50 Lacs).
- b. Disputed Income Tax Liability where the Group is in appeal amounting to Rs. 231.62 Lacs pertaining to the A.Y. 2013-14 (P.Y. Rs. 0.00 Lacs)
- c. There are certain claims filed against the Group by some parties which are pending with various jurisdictional authorities. The management has reviewed the same and estimate that these claims are not tenable and at the time of outcome of these proceedings there will be no material liability occur to the Group.
- d. Claims not acknowledge as debts amounting to Rs. 0.00 Lacs (P.Y. Rs. 0.00 Lacs).

**28. Capital Commitments**

Estimated amounts of contracts remaining to be executed on capital account (net of advances already made) and not provided for is Rs. 677.70 Lacs (PY: Rs. 114.67 Lacs)

**29. Corporate Social Responsibility: -**

Corporate Social Responsibilities is not applicable for the FY 2021-22.

**Details of CSR expenditure pertaining to FY 18-19**

Particulars	As at 31st March 2022 (In ₹ Lacs)
The CSR expenditure pertaining to FY 18-19 has not been paid	12.50
<b>Total</b>	<b>12.50</b>

**30. Employees Stock Options Scheme (ESOP)**

148031 Equity Shares (PY 148031 Equity Shares) are held by the SEDL Trust as on 31<sup>st</sup> March, 2022. These shares are to be issued to employees in future on achievement of various performance criteria. The face value of equity shares with trust amounting to Rs. 14.80 Lacs (PY Rs. 14.80 Lacs) is deducted from the share capital account as per Guidance Note on Accounting for Employees Share- Based Payments issued by the Institute of Chartered Accountants of India.

Details of the shares allotted to employees and held by trust is as below -

Sr No.	Particulars	No of shares outstanding	
		2021-22	2020-21
1	No. of Shares already allotted/Transfer to employees	3,33,657	4,20,451
2	No. of shares vested-back and transferred to trust	-	( 86,794)



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**Spray Engineering Devices Limited**  
**Notes to Consolidated Financial Statements for the year ended 31 March 2022**

	<b>Total shares allotted to employees</b>	<b>3,33,657</b>	<b>3,33,657</b>
1	Number of shares already held by trust	1,48,031	61,237
2	No. of shares vested-back and transferred to trust	-	86,794
	<b>Total shares held by trust</b>	<b>1,48,031</b>	<b>1,48,031</b>

31. The Company has recognized Minimum Alternate Tax ("MAT") credit entitlement under Section 115JAA of the Income-tax Act, 1961 and classified the same under the head short term loan and advances in Balance Sheet. Total amount of the MAT credit is Rs.1001.39 Lacs as at March 31, 2022 (Rs 891.69 Lacs as at March 31, 2021). This is based on the management's interpretation of the recoverability and adjustment of the MAT credit entitlement against income tax payable by the company in future based on the present trend of profits and projected future profits from existing business. Accordingly, the management believes that there will be sufficient future taxable profits to utilize the aforementioned MAT credit entitlement within the stipulated period prescribed as per the provisions of the Income Tax Act,1961.

32. Disclosures in respect of operating leases are given as follows:

S. No.	Particulars	2021-22	2020-21
		(In ₹ Lacs)	(In ₹ Lacs)
	<b>Operating Lease (Cancellable)</b>		
A	Lease payments recognized in the statement of profit and loss for the year	203.50	181.60
B	A general description of the lessee's significant leasing arrangements:		
	- lease rent agreements are for offices and guest houses		
	- there are no restrictions imposed by lease arrangements		
	- there are no subleases		

33. Related Party disclosures

a) List of related parties

1. Key Management Personnel

Vivek Verma	Managing Director
Prateek Verma	Whole-time Director
Manoj Gupta	Chief Financial Officer
Rinkal Goyal	Company Secretary

2. Relative of Key Management Personnel

Prabha Verma (Deceased in May,2020)

Vimarsh Verma













**Spray Engineering Devices Limited****Notes to Consolidated Financial Statements for the year ended 31 March 2022****3. Subsidiary Companies**

SED Engineers & Fabricators Private Limited  
Sustainable Environment Developers Limited

**4. Associates**

I PRO Sugar Engineering Private Limited

**b) Transactions with Related Parties –****(In ₹ Lacs)**

Name of Party	Nature of Transaction	2021-22	2020-21
Vivek Verma	Director's Remuneration	38.11	41.35
Prateek Verma	Director's Remuneration	42.00	42.00
Manoj Gupta	Employee Benefit Expense	28.15	29.28
Rinkal Goyal	Employee Benefit Expense	7.99	7.05
Vimarsh Verma	Employee Benefit Expense	14.35	7.18

**c) Balance Outstanding of Related Parties:****(In ₹ Lacs)**

Name of Party	Receivable / Payable	2021-22	2020-21
Vivek Verma	Salary Payable	2.40	16.08
Prateek Verma	Salary Payable	2.57	24.45
Manoj Gupta	Salary Payable	1.71	0.98
Rinkal Goyal	Salary Payable	0.62	0.56
Vimarsh Verma	Salary Payable	0.85	1.00
Prabha Verma (Deceased in May,2020)	Deposit Receivables	0.00	0.50

34. The Group has defined benefit plans for gratuity and leave encashment. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following tables summarize the components of net benefit expense recognized in the statement of Profit and Loss Account and the amounts recognized in the balance sheet.

*Vivek Verma* @ *MV* *Sh*



Statement of Profit & Loss

Net employee benefit expenses (recognized in Employee Cost)

Particulars	Gratuity		Leave Encashment	
	2021-22	2020-21	2021-22	2020-21
	(In ₹ Lacs)	(In ₹ Lacs)	(In ₹ Lacs)	(In ₹ Lacs)
Current service cost	34.05	27.39	34.73	22.66
Interest cost on benefit obligation	16.18	11.95	4.72	2.27
Net actuarial (gain)/ loss recognized in the period	(7.54)	(2.62)	(4.78)	6.94
Net benefit expenses recognized in the Profit and Loss a/c	42.69	36.72	34.67	31.87

Balance Sheet

Details of Provision for gratuity

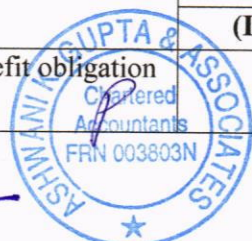
Particulars	Gratuity		Leave Encashment	
	2021-22	2020-21	2021-22	2020-21
	(In ₹ Lacs)	(In ₹ Lacs)	(In ₹ Lacs)	(In ₹ Lacs)
Present value of Defined benefit obligation	266.68	226.23	100.08	65.96
Less: Unrecognized past service cost	-	-	-	-
Net asset/ (liability) recognized in the balance sheet				
Long term :	240.55	205.70	89.63	60.08
Short term :	26.13	20.53	10.45	5.89

Note: The above plans are non-funded.

Changes in present value of the defined benefit obligation are as follows:

Particulars	Gratuity		Leave Encashment	
	2021-22	2020-21	2021-22	2020-21
	(In ₹ Lacs)	(In ₹ Lacs)	(In ₹ Lacs)	(In ₹ Lacs)
Opening defined benefit obligation	226.23	191.25	65.96	36.28

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**Spray Engineering Devices Limited**

**Notes to Consolidated Financial Statements for the year ended 31 March 2022**

Interest cost	16.18	11.95	4.72	2.27
Current service cost	34.05	27.39	34.73	22.66
Benefit paid	(2.25)	(1.73)	(0.55)	(2.19)
Actuarial (gains)/ losses on obligation	(7.54)	(2.62)	(4.78)	6.94
Closing defined benefit obligation	266.68	226.23	100.08	65.96

**The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:**

Particulars	2021-22	2020-21
	(%)	(%)
Discount rate	7.15	6.25
Expected Increase in Compensation cost	7	6
Attrition	10	10

Note:

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

**Amounts of Gratuity for the current and previous four year are as follows:**

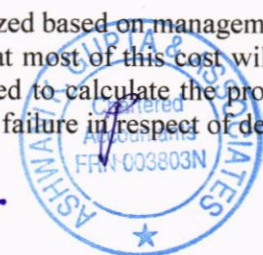
Particulars	Gratuity				
	2021-22 (In ₹ Lacs)	2020-21 (In ₹ Lacs)	2019-20 (In ₹ Lacs)	2018-19 (In ₹ Lacs)	2017-18 (In ₹ Lacs)
Defined benefit obligation	266.68	226.23	191.25	175.12	166.08
Plan assets	-	-	-	-	-
Surplus/(deficit)	(266.68)	(226.23)	(191.25)	(175.12)	(166.08)
Actuarial (gain)/loss on Defined benefit obligation	(7.54)	(2.62)	(7.75)	(20.23)	(12.05)
Actuarial (gain)/loss on plan assets	-	-	-	-	-

35. Disclosures in respect of movement in provision account as per the requirements of Accounting Standard 29 – Provisions, Contingent Liabilities and Contingent Assets.

**Provision for warranties**

A provision is recognized based on management's estimate for expected warranty claims on products sold. It is expected that most of this cost will be incurred over the warranty period as per warranty terms. Assumption used to calculate the provision for warranties were based on current year sales level and the expected failure in respect of defectives.

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Warranty Provision	2021-22 (In ₹ Lacs)	2020-21 (In ₹ Lacs)
Opening Balance	32.60	34.69
Additions during the year	50.98	28.43
Less: - Amounts used during the year	33.86	30.52
<b>Closing Balance</b>	<b>49.72</b>	<b>32.60</b>

### Provision for performance

A provision is recognized based on management's estimate for expected performance claims on products sold. It is expected that most of this cost will be incurred over the performance period given as per performance terms. Assumption used to calculate the provision for performances were based on current year sales level and the expected failure in respect of defectives.

Performance Provision	2021-22 (In ₹ Lacs)	2020-21 (In ₹ Lacs)
Opening Balance	44.85	62.26
Additions during the year	86.39	38.68
Less: - Amounts used during the year	44.85	56.09
<b>Closing Balance</b>	<b>86.39</b>	<b>44.85</b>

### 36. Foreign Currency exposure that are not hedged by derivative instruments as at Balance Sheet date: -

Particulars	Currency	2021-22			2020-21		
		Amount in Foreign currency	Exchange Rate	(In ₹ Lacs)	Amount in Foreign currency	Exchange Rate	(In ₹ Lacs)
Trade receivables	USD	167726	75.20	126.13	283068	73.50	208.05
Trade Payables	USD	-	-	-	20000	73.50	14.70
	EURO	-	-	-	28764	86.10	24.77

### 37. Segmental Reporting

Identification of Segments

Primary Segments - Business Segment

*V. K. Gupta*

*R*

*u*

*M*





**Spray Engineering Devices Limited**

**Notes to Consolidated Financial Statements for the year ended 31 March 2022**

The Group's Operations predominantly comprise of only one segment i.e. Engineering Equipment. In view of the same, separate segmental information is not required to be given as per the requirements of Accounting Standard 17 – Segment reporting.

Information pertaining to Secondary Segment

**Revenue as per Geographical Locations**

Particulars	2021-22 (In ₹ Lacs)	2020-21 (In ₹ Lacs)
Within India	21216.59	10692.46
Outside India	277.82	377.02
<b>Total</b>	<b>21494.41</b>	<b>11069.48</b>

**Debtors as per Geographical Locations**

Particulars	2021-22	2020-21
	(In ₹ Lacs)	(In ₹ Lacs)
Within India	4164.08	2851.79
Outside India	126.13	208.05
<b>Total</b>	<b>4290.21</b>	<b>3059.84</b>

**Property, Plant & Equipment as per Geographical Locations: -**

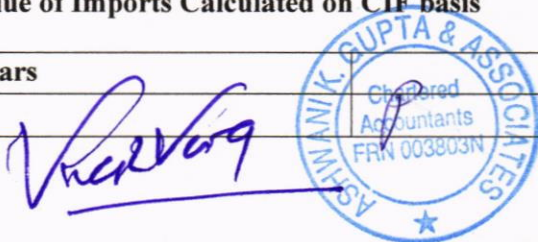
The Group has common Property, plant & equipment's for producing goods for domestic as well as overseas market. Hence, segment-wise information for Property, plant & equipment's/ additions to Property, plant & equipment's cannot be furnished.

**38. Aggregate Consumption of Raw Material & Components (Imported & Indigenious)**

	2021-22		2020-21	
	% of Total	Value (In ₹ Lacs)	% of Total	Value (In ₹ Lacs)
<b>Raw Material</b>				
Imported	1.62	238.64	4.81	293.05
Indigenious	98.38	14446.67	95.19	5798.49
<b>Total</b>	<b>100.00</b>	<b>14685.31</b>	<b>100.00</b>	<b>6091.54</b>
<b>STORES &amp; SPARES</b>				
Imported	0.00	-	0.00	-
Indigenious	100.00	96.92	100.00	69.46
<b>Total</b>	<b>100.00</b>	<b>96.92</b>	<b>100.00</b>	<b>69.46</b>

**39. Value of Imports Calculated on CIF basis**

Particulars	2021-22 (In ₹ Lacs)	2020-21 (In ₹ Lacs)



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**Spray Engineering Devices Limited**

**Notes to Consolidated Financial Statements for the year ended 31 March 2022**

Raw Material & Components	354.93	300.97
Capital Goods	108.13	0.00
<b>Total</b>	<b>463.06</b>	<b>300.97</b>

**40. Earning in Foreign Exchange (on accrual basis):**

Particulars	2021-22	2020-21
	(In ₹ Lacs)	(In ₹ Lacs)
Export of Goods (FOB Value basis)	254.90	376.67
Export of Services	18.08	0.00
<b>Total</b>	<b>272.98</b>	<b>376.67</b>

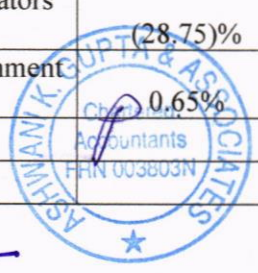
**41. Expenditure in Foreign Currency (on accrual basis):**

Particulars	2021-22	2020-21
	(In ₹ Lacs)	(In ₹ Lacs)
Foreign Travel	2.69	4.14
Commission	21.43	6.33
Bank Charges	0.00	6.57
Others	5.70	6.82
<b>Total</b>	<b>29.82</b>	<b>23.86</b>

**42. Disclosures of additional information pertaining to the Parent company, Subsidiaries & Associates**

Name of the enterprises	Net Assets (Total Assets minus Total Liabilities)		Share in profit & Loss	
	As % of consolidated Net Assets	Net Assets	As % of consolidated (Profit)/ Loss	(Profit)/ Loss
<b>Parent</b>				
Spray Engineering Devices Limited	127.41%	3868.51	98.24%	1505.45
<b>Direct Subsidiary</b>				
SED Engineers & Fabricators Private Limited	(28.75)%	(873.04)	0.99%	15.22
Sustainable Environment Developers Limited	0.65%	19.81	0.83%	12.79
<b>Associate</b>				

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**Spray Engineering Devices Limited**  
**Notes to Consolidated Financial Statements for the year ended 31 March 2022**

IPRO Sugar Engineering Private Limited	0.69%	20.87	(0.06)%	(1.02)
<b>Subtotal</b>	<b>100%</b>	<b>3036.15</b>	<b>100%</b>	<b>1532.46</b>
<i>Adjustment arising out of consolidation</i>		683.91		0.00
<b>Total</b>		<b>3720.06</b>		<b>1532.46</b>

43. During the FY 2019-20, the Group has settled with one of its supplier M/s IAG Automation Pvt. Ltd. As per the settlement agreement dated 4th January 2020, Group agreed to pay Rs 463.31 lacs against principal amount and Net interest of Rs 149.14 lacs (Rs 138.09 lacs Interest + Rs 24.86 lacs GST – Rs 13.81 lacs TDS) on the principal, in instalments from February, 2020 to February 2021. The Group has paid the entire Principal of Rs 463.31 lacs till year end 31.03.2022. The Group has not provided aforesaid interest of Rs 138.09 lacs as the management is verbally in process of further negotiation with the said party to settle the above only on principal amount. Therefore, the aforesaid interest is subject to negotiation and accounting treatment will be given in the year of settlement.
44. Out of the total trade receivables, the Group has made an application in National Company Law Tribunal for recovery of Principal amount of Rs.507.10 Lacs along with Interest thereon from one of its debtors. These claims are in the process of legal acceptance in NCLT.
45. The COVID-19 pandemic has affected the world economy including India leading to significant decline in economic activities. Government of India (GOI) has taken significant measures to curb the spread of virus including imposing minority lockdown and restrictions in activities. The operations of the Group were impacted, due to shutdown of plants and offices following nationwide lockdown. The Group continues with its operations in a phased manner in line with directives from the authorities. The Group has evaluated the impact of this pandemic on its business operations, liquidity, assets and financial position and based on management's review of current indicators and economic conditions there is no material impact and adjustments required on its financial results as at March 31, 2022. The Group will continue to monitor any material changes to future economic conditions and its impact, if any.
46. **Companies considered in the consolidated financial statements:**

a) Subsidiaries:

Name of the Company	Held Through	Date of Becoming Subsidiary	Country of Incorporation	% Voting Power held as on 31.03.2022	% Voting Power held as on 31.03.2021
SED Engineers & Fabricators Private Limited	1	6-Sep-06	India	100%	100%
Sustainable Environment Developers Limited	1	18-Mar-08	India	100%	100%



**Spray Engineering Devices Limited**  
**Notes to Consolidated Financial Statements for the year ended 31 March 2022**

b) Associates:

Name of the Company	Held Through	Country of Incorporation	% Voting Power held as on 31.03.2022	% Voting Power held as on 31.03.2021
IPRO Sugar Engineering Private Limited	1	India	49.994%	49.994%

**47. Additional Regulatory Information**

- (a) Title deeds of all the immovable properties (other than properties where the company is the lessee and lease agreements are duly executed in favour of the lessee) are held in the name of the Group. Further, the Group does not held any immovable property jointly with others.
- (b) The Group has not revalued its Property, Plant and Equipment during the financial year 2021-22. Therefore, the disclosure as to whether the revaluation is based on the valuation by a registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules,2017 is not required.
- (c) The company has not granted any Loan or Advances in the nature of loans to Promoters, directors ,KMPs and related parties (as defined under the companies Act,2013) either severally or jointly with any other person, that are :
- (i) Repayable on demand or
- (ii) Without specifying any terms or period of repayment

Type of Borrower	Amount of loan or advance in the nature of loan outstanding (In ₹ Lacs)	Percentage to the total Loans and Advances in the nature of loans
Promoters	Nil	Nil
Directors	Nil	Nil
KMPs	Nil	Nil
Related Parties	Nil	Nil

- (d) No proceedings have been initiated or pending against the Group for holding any benami property under the Benami Transactions(Prohibitions) Act,1988 and rules made thereunder.
- (e) The Group has borrowed working capital facilities from Canara Bank and Bank of India on the basis of security of current assets and the quarterly returns or statements of current assets filed with the said banks are in agreement with the books of accounts.
- (f) The Group is not declared by any bank or financial institution or other lender as a wilful defaulter.
- (g) The Group has not entered into any transaction with the companies struck off under section 248 of the companies Act,2013.
- (h) The Group has filed registration of charges or satisfaction with the Registrar of companies within the statutory period as per the Companies Act,2013.










**Spray Engineering Devices Limited**  
**Notes to Consolidated Financial Statements for the year ended 31 March 2022**

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(i) The Group has not traded or invested in crypto currency or virtual currency during the financial year.

48. Figures of the previous year have been regrouped, reclassified and/or rearranged wherever necessary, to conform with the current year's presentation.

As per report of even date

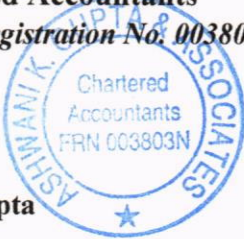
**For Ashwani K Gupta & Associates**  
**Chartered Accountants**  
*Firm's Registration No: 003803N*



**Paras Gupta**  
Partner

Membership No.:546125

UDIN: 22546125ATHGTV9710



**For and on behalf of the Board of Directors**  
**Spray Engineering Devices Limited**



**Vivek Verma**  
Chairman & Managing  
Director  
DIN : 00032970



**Prateek Verma**  
Whole-time Director  
DIN : 00024740



**Manoj Gupta**  
Chief Financial Officer



**Rinkal Goyal**  
Company Secretary  
Membership No. F11321

Place: Mohali

Date : September 16, 2022