

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF SPRAY ENGINEERING DEVICES LIMITED**

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

##### **Opinion**

We have audited the accompanying consolidated financial statements of **SPRAY ENGINEERING DEVICES LIMITED** (the "Company") and its subsidiaries (the Company and its subsidiaries together referred to as the "Group") which comprise the Consolidated Balance Sheet as at March 31, 2024, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of material 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 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2024 and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

##### **Basis for Opinion**

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

##### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key Audit Matter  | Auditor's Response   |
|---------|---|--|
| 1.      | Revenue is recognized when performance obligation is satisfied by transferring upon transfer of control of promised product to the customers and when the collection of consideration by the Group is "probable". In specifically, revenue from sale of products is recognised at a point in time when performance obligation is satisfied and is based on the transfer of control to the customer as per terms of the contract. There is a risk, during the year and at the end of the year, revenue being recognized from sale of products without contract with customer or without transfer of control of the products as per the delivery terms or revenue is not recorded in the correct accounting period. | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Assessed the appropriateness of the accounting policy for revenue recognition as per the relevant accounting standard;</li> <li>• Evaluated the design and implementation of key controls in relation to revenue recognition and tested the operating effectiveness of such controls for a sample of transactions.</li> <li>• Involved our IT specialists to assist us in testing of key IT system controls which impact revenue recognition;</li> <li>• Performed detailed testing by selecting samples of revenue transactions recorded during and after the year. For such samples, verified the underlying documents supporting the revenue recognition as per the accounting policy in the correct accounting year; and</li> <li>• Tested sample journal entries for revenue recognized during the year, selected based on specified risk-based criteria, to identify unusual transactions.</li> </ul> |

#### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility and Sustainability Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated Financial Statements, standalone financial statements and our auditor's report thereon.

Our opinion on the Consolidated 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, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. The respective Boards of Directors/Trustees of the entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Boards of Directors/Trustees of the entities included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intends to liquidate their respective entities or to cease operations, or have no realistic alternative but to do so.

The respective Boards of Directors/Trustees of the entities included in the Group are also responsible for overseeing the financial reporting process of the Group.

### **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 Consolidated 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 Consolidated 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls with reference to Consolidated Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 ability of the Group 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 Consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the Consolidated Financial Statements.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

We communicate with those charged with governance of the Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal financial controls that we identify during our audit.

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

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

### **Other Matters**

1. We have not carried out the audit of the two subsidiary Companies namely SED Engineers & Fabricators Private Limited and Sustainable Environment Developers Limited (collectively referred to as “Subsidiaries”), We have relied on the audited financial statements of these subsidiaries namely for the Year ended March 31, 2024, which have been incorporated in the consolidated financial statements. The annual financial statements of subsidiaries reflect total assets of Rs. 11.95 million as at March 31, 2024 (Previous year Rs.12.45 million), total revenues of Rs. 19.01 million (Previous year Rs.19.82 million) and net cash inflows/(Outflows) amounting Rs.1.26 million for the year ended on that date (Previous year Rs. 0.85 million).
2. As per the information and explanations given to us by the Management, the financial statements / financial information of one (1) associate namely, Ipro Sugar Engineering Private Limited, wherein the investment is at Rs. 0.25 million in the consolidated audited financial statements, has not been considered in the consolidated financial statements as it is not material to the Group. In our opinion and according to the information and explanations given to us by the management, the financial information of this associate is not material to the Group.
3. These annual financial statements, as approved by the Board of Directors of the subsidiary companies 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.

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

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
  - b) In our opinion, proper books of account as required by law maintained by the Group, including relevant records relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Company as on March 31, 2024 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to Consolidated Financial Statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure A” 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 with reference to Consolidated Financial Statements of those companies.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended, 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.
- h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 2.24 to the Consolidated Financial Statements.
  - ii) The Group did not have any long-term derivative contracts.
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.
  - iv) (a) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) 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 or any of such subsidiaries to or in any other person or entity, outside the Group, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (b) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether

recorded in writing or otherwise, that the Company or any of such subsidiaries shall, 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.

- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v) 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.
- vi) Based on our examination which included test checks, performed by us on the Company and its subsidiaries incorporated in India, except for the instances mentioned below, have used accounting softwares for maintaining their respective books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the softwares. Further, during the course of audit, we have not come across any instance of the audit trail feature being tampered with.

The financial statements of two subsidiaries which are also part to the Consolidated Financial Statements of the Group, have not been audited by us under the provisions of the Act as on date. However we have obtained Audit reports of these companies which have been audited by the Other Auditors, and the companies are in compliance of the reporting.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

- 2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor’s Report) Order, 2020 (the “Order”/ “CARO”) issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor’s report, according to the information and explanations given to us, and based on the Auditor’s Reports on the financial statements of Company and its subsidiaries as at and for the year ended March 31, 2024, included in the Consolidated Financial Statements of the Group, we report in respect of those companies where audits have been completed under section 143 of the Act, we have not reported any qualifications or adverse remarks. However one of the subsidiary financial statements had emphasis of matter paragraph regarding Net worth erosion.

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

Place: Mohali  
Date: August , 2024

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

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of SPRAY ENGINEERING DEVICES Limited of even date)

### **Report on the Internal Financial Controls with reference to Consolidated Financial Statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (the “Act”)**

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2024, we have audited the internal financial controls with reference to Consolidated Financial Statements of **SPRAY ENGINEERING DEVICES LIMITED** (hereinafter referred to as the “Company”) and its subsidiary companies, which are companies incorporated in India, as of that date.

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

The respective Boards of Directors of the Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 (the “ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 Act.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to Consolidated Financial Statements of the Company 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”) issued by the Institute of Chartered Accountants of India (“ICAI”) and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Consolidated Financial Statements. 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 with reference to Consolidated Financial Statements 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 with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to Consolidated Financial Statements, 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 internal financial controls with reference to Consolidated Financial Statements of the Company and its subsidiary companies, which are companies incorporated in India.



## **Meaning of Internal Financial Controls with reference to Consolidated Financial Statements**

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

## **Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to Consolidated Financial Statements, 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 with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial control with reference to Consolidated Financial Statements 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 and to the best of our information and according to the explanations given to us, the Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at March 31, 2024, based on the criteria for internal financial control with reference to Consolidated Financial Statements established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

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

Place: Mohali  
Date: August , 2024

**Spray Engineering Devices Limited**  
**Consolidated Balance Sheet as at 31 March 2024**

(Amount in INR millions, except for share data unless otherwise stated)

| Particulars  | Notes | 31 March 2024   | 31 March 2023   | 01 April 2022   |
|--|-------|-----------------|-----------------|-----------------|
| <b>ASSETS</b>  |       |                 |                 |                 |
| <b>(1) Non-Current Assets</b>  |       |                 |                 |                 |
| (a) Property, Plant & Equipment  | 3     | 761.00          | 534.97          | 256.08          |
| (b) Right-of-use assets  | 4     | 27.08           | 11.94           | 79.46           |
| (c) Intangible assets  | 3a    | 14.72           | 7.59            | 6.03            |
| (d) Intangible assets under development  | 3b    | -               | -               | -               |
| (e) Capital work-in-progress   | 3b    | 131.93          | 128.50          | 7.53            |
| <b>(f) Financial assets</b>  |       |                 |                 |                 |
| (i) Investments  | 5     | 0.25            | 0.25            | 0.25            |
| (ii) Loans   |       | -               | -               | -               |
| (iii) Trade receivables  |       | -               | -               | -               |
| (iv) Other financial assets  | 6     | 3.87            | 25.51           | 31.70           |
| (g) Deferred tax assets (net)  | 7     | -               | 31.23           | 100.49          |
| (h) Other non-current assets   | 8     | 37.41           | 23.01           | 16.79           |
| <b>Total non-current assets</b>  |       | <b>976.26</b>   | <b>763.00</b>   | <b>498.33</b>   |
| <b>(2) Current Assets</b>  |       |                 |                 |                 |
| (a) Inventories  | 9     | 760.51          | 778.93          | 662.26          |
| <b>(b) Financial assets</b>  |       |                 |                 |                 |
| (i) Investments  | 10    | 4.10            | 2.10            | -               |
| (ii) Trade receivables   | 11    | 868.04          | 600.82          | 429.02          |
| (iii) Cash and cash equivalents  | 12    | 4.10            | 14.07           | 16.60           |
| (iv) Bank balance other than (iii) above   |       | 112.29          | 105.35          | 62.20           |
| (v) Loans  |       | -               | -               | -               |
| (vi) Other financial assets  | 13    | 1.66            | 2.60            | 1.30            |
| (c) Current tax assets (net)   | 14    | -               | -               | -               |
| (d) Other current assets   | 15    | 294.87          | 374.92          | 250.82          |
| <b>Total current assets</b>  |       | <b>2,045.57</b> | <b>1,878.79</b> | <b>1,422.20</b> |
| <b>TOTAL ASSETS</b>  |       | <b>3,021.83</b> | <b>2,641.79</b> | <b>1,920.53</b> |
| <b>EQUITY AND LIABILITIES</b>  |       |                 |                 |                 |
| <b>EQUITY</b>  |       |                 |                 |                 |
| (a) Equity Share Capital   | 16    | 225.87          | 225.87          | 225.87          |
| (b) Other Equity   | 17    | 1,006.92        | 483.22          | 139.93          |
| <b>Total Equity</b>  |       | <b>1,232.79</b> | <b>709.09</b>   | <b>365.80</b>   |
| <b>LIABILITIES</b>   |       |                 |                 |                 |
| <b>(1) Non-current liabilities</b>   |       |                 |                 |                 |
| <b>(a) Financial liabilities</b>   |       |                 |                 |                 |
| (i) Borrowings   | 18    | 209.93          | 224.54          | 45.14           |
| (ia) Lease Liabilities   | 19    | 18.04           | 5.94            | 77.84           |
| (ii) Other financial liabilities   |       | -               | -               | -               |
| (b) Provisions   | 20    | 52.27           | 45.25           | 33.02           |
| (c) Deferred tax liabilities (net)   | 7     | 31.04           | -               | -               |
| (d) Other non-current liabilities  |       | -               | -               | -               |
| <b>Total non-current liabilities</b>   |       | <b>311.28</b>   | <b>275.73</b>   | <b>156.00</b>   |
| <b>(2) Current liabilities</b>   |       |                 |                 |                 |
| <b>(a) Financial liabilities</b>   |       |                 |                 |                 |
| (i) Borrowings   | 21    | 542.60          | 363.51          | 148.76          |
| (ia) Lease liabilities   |       | 4.28            | 5.21            | 5.99            |
| (ii) Trade payables  |       |                 |                 |                 |
| (a) Total outstanding dues of micro enterprises and small enterprises                      | 22    | 52.17           | 38.32           | 25.02           |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises |       | 507.86          | 374.44          | 314.74          |
| (iii) Other financial liabilities  |       | -               | -               | -               |
| (b) Other current liabilities  | 23    | 218.80          | 810.56          | 886.50          |
| (c) Provisions   | 24    | 27.58           | 21.58           | 17.27           |
| (d) Current tax liabilities (net)  | 14    | 124.47          | 43.35           | 0.45            |
| <b>Total current liabilities</b>   |       | <b>1,477.76</b> | <b>1,656.97</b> | <b>1,398.73</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |       | <b>3,021.83</b> | <b>2,641.79</b> | <b>1,920.53</b> |

Corporate Information 1

Summary of material accounting policies 2

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

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

**Spray Engineering Devices Limited**

**Paras Gupta**

Partner

Membership No. 546125

UDIN:

**Vivek Verma**

Chairman & Managing Director

**DIN: 00032970**

**Prateek Verma**

Whole-time Director

**DIN: 00024740**

Place: Mohali

Date:

**Manoj Gupta**

Chief Financial Officer

**Rinkal Goyal**

Company Secretary

**Spray Engineering Devices Limited**  
**Statement of Consolidated Profit and Loss for the year ended 31 March 2024**  
*(Amount in INR millions, except for share data unless otherwise stated)*

| Particulars  | Notes | 31 March 2024   | 31 March 2023   |
|--|-------|-----------------|-----------------|
| I Revenue from operations  | 25    | 5,473.45        | 3,926.20        |
| II Other income  | 26    | 9.34            | 21.18           |
| <b>III Total Income (I+II)</b>   |       | <b>5,482.79</b> | <b>3,947.38</b> |
| <b>IV Expenses</b>   |       |                 |                 |
| Cost of Material Consumed  | 27    | 3,405.82        | 2,545.61        |
| Purchase of stock in trade   | 28    | -               | -               |
| (Increase)/Decrease in inventories of finished goods,stock-in-trade and WIP                                      | 29    | 62.00           | (75.79)         |
| Employee benefit expense   | 30    | 465.61          | 392.05          |
| Finance Costs  | 31    | 98.91           | 80.71           |
| Depreciation and amortization expense  | 32    | 49.30           | 38.52           |
| Other expenses   | 33    | 657.80          | 496.93          |
| <b>Total Expenses (IV)</b>   |       | <b>4,739.44</b> | <b>3,478.03</b> |
| <b>V Profit/(Loss) before exceptional items (III-IV)</b>   |       | <b>743.35</b>   | <b>469.35</b>   |
| <b>VI Exceptional items</b>  |       | -               | -               |
| <b>VII Profit/(Loss) before tax (V-VI)</b>   |       | <b>743.35</b>   | <b>469.35</b>   |
| <b>VIII Tax Expense</b>  |       |                 |                 |
| (1) Current Tax  |       | 151.30          | 53.72           |
| (2) Deferred Tax   |       | 60.50           | 68.42           |
| Taxation of earlier years  |       | -               | -               |
| <b>Total Tax Expense</b>   |       | <b>211.80</b>   | <b>122.14</b>   |
| <b>IX Profit/(Loss) for the year from continuing operations (VII-VIII)</b>                                       |       | <b>531.55</b>   | <b>347.21</b>   |
| <b>X Other Comprehensive Income</b>  |       |                 |                 |
| A (i) Items that will not be reclassified to profit or loss  |       | (6.08)          | (2.88)          |
| (ii) Income tax relating to items that will not be reclassified to profit or loss                                |       | (1.77)          | (0.84)          |
| B (i) Items that will be reclassified to profit or loss  |       | -               | -               |
| (ii) Income tax relating to items that will be reclassified to profit or loss                                    |       | -               | -               |
| <b>Total Other comprehensive income(Loss)</b>  |       | <b>(7.85)</b>   | <b>(3.72)</b>   |
| <b>XI Total comprehensive income (IX+X)(Comprising Profit/(Loss) and other comprehensive income for the year</b> |       | <b>523.70</b>   | <b>343.49</b>   |
| <b>XII Earning per equity share of Rs. 10/- each</b>   | 34    |                 |                 |
| Basic earning per share(in ₹)  |       | 23.19           | 15.21           |
| Diluted earning per share(in ₹)  |       | 23.19           | 15.21           |

Corporate Information 1

Summary of material accounting policies 2

*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

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

**Paras Gupta**  
Partner  
Membership No. 546125  
UDIN:

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

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

Place: Mohali  
Date:

**Manoj Gupta**  
Chief Financial Officer

**Rinkal Goyal**  
Company Secretary

**Spray Engineering Devices Limited**  
**Statement of Consolidated Cash Flows for the year ended 31 March 2024**  
(Amount in INR millions, except for share data unless otherwise stated)

| Particulars   | 31 March 2024   | 31 March 2023   |
|---|-----------------|-----------------|
| <b>Cash flow from operating activities</b>  |                 |                 |
| - Profit/(Loss) before tax  | 737.27          | 466.47          |
| <b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>         |                 |                 |
| - Depreciation/amortization   | 49.30           | 38.52           |
| - Bad debts written off   | 30.18           | 86.53           |
| - Gain on Derecognition of Financial Liabilities                                    | -               | (6.73)          |
| -(Gain)/Loss on disposal of Property, Plant & equipment                             | -               | 0.02            |
| -(Profit)/Loss on Fair Valuation of Investments                                     | (0.99)          | (0.09)          |
| - Interest expense  | 98.91           | 80.71           |
| - Interest income   | (7.08)          | (5.44)          |
| - Other Appropriations  | -               | (0.20)          |
| <b>Operating profit before working capital changes</b>                              | <b>907.59</b>   | <b>659.79</b>   |
| <b>Movements in working capital :</b>   |                 |                 |
| - Increase/(decrease) in trade payables   | 147.27          | 73.00           |
| - Increase/(decrease) in other current liabilities and provisions                   | (578.74)        | (59.40)         |
| - Decrease/(increase) in trade receivables  | (297.40)        | (258.33)        |
| - Decrease/(increase) in inventories  | 18.42           | (116.67)        |
| - Decrease/(increase) in other current assets                                       | 64.18           | (84.59)         |
| <b>Cash generated from/(used in) operations</b>                                     | <b>261.32</b>   | <b>213.80</b>   |
| - Direct taxes paid (net of refunds)  | (70.17)         | (59.10)         |
| - Exceptional Items (net)   | -               | -               |
| <b>Net cash flow from/(used in) operating activities (A)</b>                        | <b>191.15</b>   | <b>154.70</b>   |
| <b>Cash flows from investing activities</b>   |                 |                 |
| - Purchase of fixed assets, including intangible assets, CWIP & ROU assets          | (301.03)        | (448.05)        |
| - Investments in bank deposits (having original maturity of more than three months) | 17.10           | (35.71)         |
| - Sale of Fixed Assets  | -               | 1.95            |
| - Interest received   | 7.08            | 5.44            |
| -(Increase)/Decrease in Investments   | (1.01)          | (2.01)          |
| <b>Net cash flow from/(used in) investing activities (B)</b>                        | <b>(277.86)</b> | <b>(478.38)</b> |
| <b>Cash flows from financing activities</b>   |                 |                 |
| - Proceeds/(Repayment) of long-term borrowings                                      | 0.19            | 214.11          |
| - Proceeds/(Repayment) of short-term borrowings                                     | 175.46          | 187.75          |
| - Interest paid   | (98.91)         | (80.71)         |
| <b>Net cash flow from/(used in) in financing activities (C)</b>                     | <b>76.74</b>    | <b>321.15</b>   |
| - Net increase/(decrease) in cash and cash equivalents (A + B + C)                  | (9.97)          | (2.53)          |
| - Cash and cash equivalents at the beginning of the year                            | 14.07           | 16.60           |
| <b>Cash and cash equivalents at the end of the Period</b>                           | <b>4.10</b>     | <b>14.07</b>    |
| <b>Components of cash and cash equivalents</b>                                      |                 |                 |
| - Cash on hand  | 0.10            | 0.11            |
| - On Current account  | 4.00            | 13.96           |
| <b>Total cash and cash equivalents (Note 11)</b>                                    | <b>4.10</b>     | <b>14.07</b>    |

|   |   |
|---|---|
| Corporate Information   | 1 |
| Summary of material accounting policies   | 2 |
| <i>The accompanying notes are an integral part of the financial statements.</i> |   |
| As per our report of even date  |   |

*For Ashwani k Gupta & Associates*  
Chartered Accountants  
FRN. 003803N

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

**Paras Gupta**  
Partner  
Membership No. 546125  
UDIN:

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

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

**Place:** Mohali  
**Date:**

**Manoj Gupta**  
Chief Financial Officer

**Rinkal Goyal**  
Company Secretary

# Notes to the Consolidated Financial Statements for the year ended 31 March 2024

## 1 The Corporate Information

Spray Engineering Devices Limited ('SEDL' or 'the company'/'the parent company') is a public limited company domiciled in India and incorporated under the provisions of Indian Companies Act. The company's registered office is at Plot no. 25, Industrial Area, Phase – II, Chandigarh -160002, India and its corporate office is at Plot No. C-82, Industrial Area, Phase -VII, Mohali – 16055, Punjab, India. The Company is an "Innovative Technological Solutions" provider of manufacturing Equipment for Sugar & Allied Industries and Zero Liquid Discharge (ZLD) solution for Wastewater from two decades, specialized in Vaporization, Condensation, Evaporation, Heat Exchange, Crystallization and Sugar Refining.

The Company caters to both domestic and international markets. Further, the Company also provides design and engineering services.

The company together with its subsidiaries is hereinafter referred to as "the Group".

## 2 Material Accounting Policies

This note provides a list of the material accounting policies adopted in the preparation of these financial statements.

### 2.1 Basis of preparation

#### (a) Statement of compliance

These consolidated financial statements have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time), presentation requirements of Division II of Schedule III to the Companies Act, 2013, as applicable to the consolidated financial statements and other relevant provisions of the Act.

The Company's financial statements up to and for the year ended 31 March 2023 were prepared in accordance with the accounting standards notified under section 133 of the Companies Act, 2013 ("Indian GAAP").

As these are Company's first financial statements prepared in accordance with Indian Accounting Standards ('Ind AS'), Ind AS 101, *First time adoption of Indian Accounting Standards* has been applied.

In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Group has presented an explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows (Refer Note 47).

These financial statements were approved for issue by the Company's Board of Directors on **August 2024**.

#### Function and presentation currency

The functional currency of the Company is the Indian rupee. These consolidated financial statements are presented in Indian rupees. All amounts have been rounded-off to the nearest millions, up to two places of decimal, unless otherwise indicated.

#### Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on alternative basis on each reporting date:

| Items   | Measurement basis |
|---|-------------------|
| Derivative financial instruments at fair value through profit or loss             | Fair value        |
| Certain non-derivative financial instruments at fair value through profit or loss | Fair value        |

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024

|   |                       |
|---|-----------------------|
| and fair value through other comprehensive income |                       |
| Defined benefit plan assets                       | Fair value            |
| Equity settled share based payment transactions   | Grant date Fair value |

### (b) Use of estimates and judgements

In preparation of these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the Restated Consolidated Financial Information. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

Detailed information about each of these estimates and judgements is included in relevant notes.

The areas involving critical estimates and judgements are:

- Estimation of current tax expense and payable
- Estimation of defined benefit obligation
- Recognition of revenue
- Recognition of deferred tax assets for carried forward tax losses
- Impairment of trade receivables

### (c) Current versus non-current classification

The Group presents assets and liabilities in the Restated Consolidated Summary Statement of Assets and Liabilities based on current/non-current classification.

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

# Notes to the Consolidated Financial Statements for the year ended 31 March 2024

## (d) Basis of consolidation

The consolidated financial information comprises the financial statements of the Parent Company and its subsidiaries as at 31 March 2024. The Company determines the basis of control in line with the requirement of Ind AS 110 Consolidated Financial Statements. Subsidiaries are entities controlled by the Company.

The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Specifically, the Company controls an entity if and only if the Company has:

- Power over the entity (i.e. existing rights that give it the current ability to direct the relevant activities of the entity)
- Exposure, or rights, to variable returns from its involvement with the entity, and
- The ability to use its power over the entity to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

### *Subsidiaries considered in consolidation :*

| Name of subsidiary                          | Country of incorporation | Percentage of ownership |               |               |
|---|--------------------------|-------------------------|---------------|---------------|
|   |                          | 31 March 2024           | 31 March 2023 | 31 March 2022 |
| SED Engineers & Fabricators Private Limited | India                    | 100%                    | 100%          | 100%          |
| Sustainable Environment Developers Limited  | India                    | 100%                    | 100%          | 100%          |

The financial statements/financial information of one (1) associate namely, IPRO Sugar Engineering Private Limited, wherein the parent invested Rs. 0.25 million has not been considered in the consolidated financial statements as it is not material to the Group.

### **Consolidation procedure:**

The Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statement in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, the income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

### Business Combinations

Business combinations are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Group. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognized at fair values on their acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. In case of leases acquired as part of business combination, the Group measures a right-of-use asset at the same amount as the lease liability. However, if the lease terms are favorable or unfavorable when compared with market terms, then the right-of-use asset is adjusted by the fair value of the off-market terms. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are recognized in the Consolidated Statement of Profit and Loss. Transaction costs are expensed as incurred, other than those incurred in relation to the issue of debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognized in the Consolidated Statement of Profit and Loss.

### Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

### Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss



## Notes to the Consolidated Financial Statements for the year ended 31 March 2024

is recognized in the Consolidated Statement of Profit and Loss.

### **2.2 Property, plant and equipment**

- **Recognition and measurement**

Items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment under construction are disclosed as capital work-in-progress.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under 'Other non-current assets'.

- **Transition to Ind AS**

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognized as of 01 April 2022, measured as per the Indian GAAP, and use that carrying value as the deemed cost of such property, plant and equipment. The Group has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on the transition date i.e. 01 April 2022 while preparing the consolidated financial statements for the year ended 31 March 2022.

- **Subsequent costs**

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day- to-day servicing of property, plant and equipment are recognized in the statement of profit and loss as incurred.

- **Disposal**

An item of property, plant and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Net gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/ expenses in the statement of profit and loss.

- **Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in the statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in Schedule II of the Companies Act, 2013, as assessed by the

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024

management of the company based on technical evaluation. Freehold land is not depreciated.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

| <b>Asset</b>                   | <b>Useful<br/>(in years)</b> | <b>life</b> |
|--------------------------------|------------------------------|-------------|
| Buildings                      | 30-60                        |             |
| Plant and machinery            | 7.5-15                       |             |
| Computers and office equipment | 3-5                          |             |
| Vehicles                       | 8                            |             |
| Furniture and fixtures         | 10                           |             |

### 2.3 Intangible assets

- **Recognition and measurement**

Intangible assets are recognized when the asset is identifiable, is within the control of the company, it is probable that the future economic benefits that are attributable to the asset will flow to the company and cost of the asset can be reliably measured.

Expenditure on research activities is recognized in the statement of profit and loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the company intends to and has sufficient resources to complete development and to use or sell the asset.

Intangible assets acquired by the company that have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level.

- **Subsequent measurement**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

- **Amortization**

Amortization is calculated on the cost of the asset, or other amount substituted for cost, less its residual value. Amortization is recognized in the statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for current and comparative periods are as follows:

| <b>Asset</b>       | <b>Useful<br/>(in years)</b> | <b>life</b> |
|--------------------|------------------------------|-------------|
| Software           | 3                            |             |
| Technical know-how | 5-10                         |             |

## 2.4 Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property.

Investment property is initially measured at cost, including related transaction costs. The cost of investment property includes its purchase price and directly attributable expenditure, if any. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

After the initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation on investment property has been provided in a manner that amortizes the cost of the assets over their estimated useful lives on straight line method as per the useful life prescribed under Schedule II to the Act. Investment property in the form of land is not depreciated.

Investment property is derecognized either when it is disposed off or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of profit and loss in the period of derecognition.

## 2.5 Impairment of non-financial assets

The company assesses at each balance sheet date whether there is any indication that an asset or cash generating unit (CGU) may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal or its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in the statement of profit and loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## 2.6 Inventories

Raw materials, components, stores and spares, work-in-progress and finished goods are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost of raw materials, components, stores and spares comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated based on normal operating capacity. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory based on weighted average basis.

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

## **2.7 Cash and cash equivalents**

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

## **2.8 Revenue recognition**

Revenue is recognized when performance obligation is satisfied by transferring control of promised goods or services and to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the transaction price (consideration) allocated to performance obligation adjusted for returns, trade allowances, rebates, and excludes taxes collected from customer on behalf of government and amounts collected on behalf of third parties.

- **Contract revenue**

Revenue from fixed price contracts is recognized over time, when the outcome of the contract can be estimated reliably by reference to the percentage of completion of the contract on the reporting date under input method. Percentage of completion is determined as a proportion of costs incurred-to-date to the total estimated contract costs. In respect of process technology and design and engineering contracts percentage of completion is measured with reference to the milestones specified in the contract, which in the view of the management reflects the work performed and to the extent it is reasonably certain of recovery.

Contract costs include costs that relate directly to the specific contract and costs that are attributable to the contract activity and allocable to the contract. Costs that cannot be attributed to contract activity are expensed when incurred.

When the final outcome of a contract cannot be reliably estimated, contract revenue is recognized only to the extent of costs incurred that are expected to be recoverable. The provision for expected loss is recognized immediately when it is probable that the total estimated contract costs will exceed total contract revenue.

Variations, claims and incentives are recognized as a part of contract revenue to the extent it is probable that they will result in revenue and are capable of being reliably measured.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the company, some of which are of a technical nature, concerning, where relevant, the percentage of completion, costs to completion, the expected revenues from the project/ activity and the foreseeable losses to completion.

Execution of contracts necessarily extends beyond accounting periods. Revision in costs and revenues estimated during the course of the contract are reflected in the accounting period in which the facts requiring the revision become known.

- **Sale of goods and rendering of services**

Revenue from sale of goods in the course of ordinary activities is recognized when control of goods is transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

Revenue from services is recognized as and when the related services are performed.

## 2.9 Other Income

### **Interest income**

Interest income from debt instruments is recognized using effective interest rate method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability.

### **Dividends**

Dividends are recognized in the statement of profit and loss only when the right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount can be measured reliably.

### **Export benefits**

Export benefits in the form of Duty Draw Back/ Merchandise Exports Incentive Scheme (MEIS)/ Service Exports Incentive Scheme (SEIS) claims are recognized in the statement of profit and loss on receipt basis.

## 2.10 Foreign currency transactions and balances

Transactions in foreign currency are recorded at exchange rates prevailing at the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss for the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the reporting period, are translated at the closing exchange rates and the resultant exchange differences are recognized in the statement of profit and loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

## 2.11 Employee benefits

- **Short-term employee benefit**

Employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and are recognized in the period in which the employee renders the related service.

- **Post-employment benefits**

### **Defined contribution plans**

Contributions to the provident fund, pension scheme, employee state insurance scheme and superannuation fund, which are defined contribution schemes, are recognized as an employee benefit expense in the statement of profit and loss in the period in which the contribution is due.

### **Defined benefit plans**

The employees' gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit

entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the reporting date, having maturity periods approximating to the terms of related obligations.

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

In the case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of profit and loss. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognizes gains/ losses on settlement of a defined plan when the settlement occurs.

### **Other long-term employee benefits**

The liabilities for earned leave are not expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method as determined by actuarial valuation. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating the terms of the related obligation. Remeasurements as a result of experience adjustments and change in actuarial assumptions are recognized in the statement of profit and loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

### **Termination benefits**

Termination benefits are expensed at the earlier of when the company can no longer withdraw the offer of those benefits and when the company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are stated at their present fair value.

## **2.12 Share-based payments**

The grant fair value of equity settled share-based payment awards granted to employees is recognized as employee benefit expense with corresponding increase in equity. The total expense is recognized over the vesting period, which is the period over which all the specified vesting conditions are required to be satisfied. At the end of each reporting period, the company revises its estimates of the number of options that are expected to vest based on the service and non-vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the statement of profit and loss, with a corresponding adjustment to equity.

## **2.13 Leases**

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

## **a. Company as a Lessee**

A lessee is required to recognize assets and liabilities for all leases and to recognize depreciation of leased assets separately from interest on lease liabilities in the statement of Profit and Loss. The Company uses the practical expedient to apply the requirements of Ind AS 116 - Leases to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However, according to Ind AS 116, the Company has elected not to recognize right-of-use assets and lease liabilities for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value. The lease payments associated with these leases are generally recognized as an expense on a straight-line basis over the lease term or another systematic basis if appropriate.

### **a.1 Right -of -use asset**

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Company also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of- use asset is depreciated to the end of the lease term.

### **a.2 Lease liability**

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

## **b. Company as a Lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalized within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognized in the Statement of profit and Loss on a straight-line basis over the term of the lease.

### **Critical accounting estimates and judgements**

Critical judgements required in the application of Ind AS 116 may include, inter-alia, the following:

Identifying whether a contract (or part of a contract) includes a lease;

Determining whether it is reasonably certain that an extension or termination option will be exercised;

Classification of lease agreements (when the entity is a lessor);

Determination of whether variable payments are in-substance fixed;

Establishing whether there are multiple leases in an arrangement;  
Determining the stand-alone selling prices of lease and non-lease components.

Key sources of estimation uncertainty in the application of Ind AS 116 may include, inter-alia, the following:

Estimation of the lease term;  
Determination of the appropriate rate to discount the lease payments;  
Assessment of whether a right-of-use asset is impaired.

## 2.14 **Borrowing costs**

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

## 2.15 **Income tax**

Income tax expense comprises current and deferred tax. It is recognized in the statement of profit and loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

### • **Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid /payable to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the country where the company operates and generates taxable income. Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

### • **Deferred tax**

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- Taxable temporary differences arising on the initial recognition of goodwill.

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



relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

In situations where the company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

### **2.16 Provisions, Contingent Liabilities and Contingent assets**

A provision is recognized when the company has a present obligation (legal or constructive) as a result of a 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.

The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the statement of profit and loss.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably

Contingent liability is disclosed when there is:

- a present obligation arising from past events, but it is not probable that an outflow of resources will be required to settle the obligation.
- present obligation arising from past events, when no reliable estimate is possible
- a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are not recognized in the financial statements. A contingent asset is disclosed where an inflow of economic benefits is probable.

Contingent liabilities and contingent assets are reviewed at each reporting date and adjusted to reflect the current best estimates.

### 2.17 Earnings per share (EPS)

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the period/ year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period/ year. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period/ year attributable to equity shareholders and the weighted average number of shares outstanding during the period/ year are adjusted for the effects of all dilutive potential equity shares.

### 2.18 Fair value measurement

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

## 2.19 Financial instruments

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

### Financial assets

#### Classification

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

- those to be measured subsequently at fair value (either through OCI, or through profit or loss);
- those measured at amortized cost.

The classification depends on the company's business model for managing the financial assets and the contractual terms of cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or OCI. For investments in debt instruments, this will depend on the business model in which investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for equity investment at fair value through OCI.

The company classifies debt investments when and only when its business model for managing those assets changes.

#### Measurement

All financial assets are initially measured at fair value except trade receivables, as the trade receivables does not contain significant financing component, they are initially measured at transaction price. In case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

#### Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

##### Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are satisfied:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in the statement of profit and loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using effective interest rate (EIR) method.

## **Debt instruments at fair value through other comprehensive income (FVTOCI)**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVTOCI. The movements in the carrying amount are recognized through OCI, except for the recognition of impairment gains and losses, interest revenue and foreign exchange gain or losses which are recognized in the statement of profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to the statement of profit and loss and recognized in other gains/losses. Interest income from these financial assets is included in other income using EIR method.

## **Debt instruments at fair value through profit or loss (FVTPL)**

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on debt instrument that is subsequently measured at FVTPL and is not a part of hedging relationship is recognized in the statement of profit and loss within other gains/losses in the period in which it arises. Interest income from these financial assets is included in other income.

## **Equity investments**

All equity investments falling within the definition of "Financial Instruments" as defined in 'Ind AS 109 - Financial instruments' are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to recognize subsequent changes in the fair value in OCI. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no re-classification of the amounts from OCI to the statement of profit and loss, even on sale of equity instrument.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

## **Derecognition**

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial assets.

## **Impairment of financial assets**

The company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the assets carried at amortized cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 42 details how the company determines whether there has been a significant increase in credit risk.

For trade receivables only, the company applies the simplified approach permitted by 'Ind AS 109 - Financial instruments', which requires expected lifetime losses to be recognized from initial recognition of the receivables.

## **Non-derivative financial liabilities**

### **Recognition**

The company initially recognizes borrowings, trade payables and related financial liabilities on the date on which they originated.

All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the company becomes a party to the contractual provisions of the instrument.

### **Measurement**

Non-derivative financial liabilities are initially recognized at fair value, net of transaction costs incurred. After initial recognition, these liabilities are measured at amortized cost using EIR method.

### **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

### **Financial guarantee contracts**

Financial guarantee contracts are recognized as financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with 'Ind AS 37 - Provisions, contingent liabilities and contingent assets' and the amount initially recognized less cumulative amortization, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

### **Offsetting of financial instruments**

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

## **2.20 Cash dividend to equity holders**

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized, and the distribution is no longer at the discretion of the Company. As per the Companies Act, 2013, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

## **2.21 Government grant**

Government grants are recognized at their fair value when there is a reasonable assurance that the grant will be received, and company will comply with all attached conditions.

Government grants relating to income are deferred and recognized in the statement of profit and loss over the period necessary to match them with costs that they are intended to compensate and presented within other income.

Government grants relating to purchase of property, plant and equipment are initially recognized as deferred income at fair value and subsequently recognized in the statement of profit and loss on a systematic basis over the useful life of the asset.

## **2.22 Standards issued but not effective**

### **Amendment to Indian Accounting Standard Rules, 2015**

Ministry of Corporate Affairs (MCA), vide notification dated 31 March, 2023, has made the following amendments to Ind AS which are effective 01 April, 2023:

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024

| <b>Particulars</b>  | <b>Explanation</b>   |
|---|--|
| Ind AS 1, Presentation of Financial Statements                            | The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.  |
| Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors | The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements. |
| Ind AS 12, Income Taxes   | The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the initial recognition exemption so that it does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect this amendment to have any significant impact in its financial statements.   |

**Spray Engineering Devices Limited**  
**Notes to the Consolidated Financial Statements**

(Amount in INR millions, except for share data unless otherwise stated)

**Note 3: Property, Plant and Equipment (PPE)**

| Particulars   | Freehold Land | Factory Buildings | Office Building | Plant & Machinery | Furniture & Fixtures | Computer & Data Processing Units | Office Equipments | Motor Vehicles | Total           |
|---|---------------|-------------------|-----------------|-------------------|----------------------|----------------------------------|-------------------|----------------|-----------------|
| Gross carrying value as of 01 April 2021            | 32.38         | 224.17            | -               | 242.69            | 16.89                | 16.59                            | 16.20             | 18.24          | 567.16          |
| Additions   | -             | -                 | -               | 22.12             | 0.48                 | 2.53                             | 1.07              | 11.56          | 37.76           |
| Disposals   | -             | -                 | -               | -                 | -                    | -                                | -                 | 0.41           | 0.41            |
| <b>Gross carry value as of 01 April 2022</b>        | <b>32.38</b>  | <b>224.17</b>     | <b>-</b>        | <b>264.81</b>     | <b>17.37</b>         | <b>19.12</b>                     | <b>17.27</b>      | <b>29.39</b>   | <b>604.51</b>   |
| Accumulated depreciation as of 01 April 2021        | -             | 88.30             | -               | 193.79            | 13.96                | 10.79                            | 13.10             | 9.80           | 329.74          |
| Depreciation charge for the year                    | -             | 7.08              | -               | 6.14              | 0.38                 | 2.29                             | 0.72              | 2.48           | 19.09           |
| Disposals   | -             | -                 | -               | -                 | -                    | -                                | -                 | 0.40           | 0.40            |
| <b>Accumulated depreciation as of 01 April 2022</b> | <b>-</b>      | <b>95.38</b>      | <b>-</b>        | <b>199.93</b>     | <b>14.34</b>         | <b>13.08</b>                     | <b>13.82</b>      | <b>11.88</b>   | <b>348.43</b>   |
| <b>Net Carrying value as of 01 April 2022</b>       | <b>32.38</b>  | <b>128.79</b>     | <b>-</b>        | <b>64.88</b>      | <b>3.03</b>          | <b>6.04</b>                      | <b>3.45</b>       | <b>17.51</b>   | <b>256.08</b>   |
| Gross carrying value as of 01 April 2022            | 32.38         | 224.17            | -               | 264.81            | 17.37                | 19.12                            | 17.27             | 29.39          | 604.51          |
| Additions   | -             | -                 | 257.61          | 28.53             | 0.22                 | 5.10                             | 2.83              | 11.80          | 306.09          |
| Disposals   | -             | -                 | -               | 0.95              | -                    | -                                | -                 | 1.20           | 2.15            |
| <b>Gross carry value as of 31 March 2023</b>        | <b>32.38</b>  | <b>224.17</b>     | <b>257.61</b>   | <b>292.39</b>     | <b>17.59</b>         | <b>24.22</b>                     | <b>20.10</b>      | <b>39.99</b>   | <b>908.45</b>   |
| Accumulated depreciation as of 01 April 2022        | -             | 95.38             | -               | 199.93            | 14.34                | 13.08                            | 13.82             | 11.88          | 348.43          |
| Depreciation charge for the year                    | -             | 7.08              | 1.34            | 7.80              | 0.40                 | 3.86                             | 1.19              | 3.57           | 25.24           |
| Disposals   | -             | -                 | -               | 0.03              | -                    | -                                | -                 | 0.16           | 0.19            |
| <b>Accumulated depreciation as of 31 March 2023</b> | <b>-</b>      | <b>102.46</b>     | <b>1.34</b>     | <b>207.70</b>     | <b>14.74</b>         | <b>16.94</b>                     | <b>15.01</b>      | <b>15.29</b>   | <b>373.48</b>   |
| <b>Net Carrying value as of 31 March 2023</b>       | <b>32.38</b>  | <b>121.71</b>     | <b>256.27</b>   | <b>84.69</b>      | <b>2.85</b>          | <b>7.28</b>                      | <b>5.09</b>       | <b>24.70</b>   | <b>534.97</b>   |
| Gross carrying value as of 01 April 2023            | 32.38         | 224.17            | 257.61          | 292.39            | 17.59                | 24.22                            | 20.10             | 39.99          | 908.45          |
| Additions   | -             | -                 | -               | 240.28            | 10.00                | 6.04                             | 1.57              | 6.58           | 264.47          |
| Disposals   | -             | -                 | -               | -                 | -                    | -                                | -                 | 1.68           | 1.68            |
| <b>Gross carry value as of March 31, 2024</b>       | <b>32.38</b>  | <b>224.17</b>     | <b>257.61</b>   | <b>532.67</b>     | <b>27.59</b>         | <b>30.26</b>                     | <b>21.67</b>      | <b>44.89</b>   | <b>1,171.24</b> |
| Accumulated depreciation as of 01 April 2023        | -             | 102.46            | 1.34            | 207.70            | 14.74                | 16.94                            | 15.01             | 15.29          | 373.48          |
| Depreciation charge for the year                    | -             | 7.08              | 4.08            | 15.53             | 1.10                 | 4.65                             | 1.70              | 4.30           | 38.44           |
| Disposals   | -             | -                 | -               | -                 | -                    | -                                | -                 | 1.68           | 1.68            |
| <b>Accumulated depreciation as of 31 March 2024</b> | <b>-</b>      | <b>109.54</b>     | <b>5.42</b>     | <b>223.23</b>     | <b>15.84</b>         | <b>21.59</b>                     | <b>16.71</b>      | <b>17.91</b>   | <b>410.24</b>   |
| <b>Net Carrying value as of 31 March 2024</b>       | <b>32.38</b>  | <b>114.63</b>     | <b>252.19</b>   | <b>309.44</b>     | <b>11.75</b>         | <b>8.67</b>                      | <b>4.96</b>       | <b>26.98</b>   | <b>761.00</b>   |

**Spray Engineering Devices Limited**  
**Notes to the Consolidated Financial Statements**

(Amount in INR millions, except for share data unless otherwise stated)

**Note 3a: Intangible assets**

| Particulars   | Package & software | Drawing & Copyrights |
|---|--------------------|----------------------|
| Gross carrying value as of 01 April 2021            | 57.83              | 10.97                |
| Additions   | 3.92               | -                    |
| Disposals   | -                  | -                    |
| <b>Gross carry value as of 01 April 2022</b>        | <b>61.75</b>       | <b>10.97</b>         |
| Accumulated depreciation as of 01 April 2021        | 53.45              | 10.97                |
| Depreciation charge for the year                    | 2.27               | -                    |
| Disposals   | -                  | -                    |
| <b>Accumulated depreciation as of 01 April 2022</b> | <b>55.72</b>       | <b>10.97</b>         |
| <b>Net Carrying value as of 01 April 2022</b>       | <b>6.03</b>        | <b>-</b>             |
| Gross carrying value as of 01 April 2022            | 61.75              | 10.97                |
| Additions   | 4.95               | -                    |
| Disposals   | -                  | -                    |
| <b>Gross carry value as of 31 March 2023</b>        | <b>66.70</b>       | <b>10.97</b>         |
| Accumulated depreciation as of 01 April 2022        | 55.72              | 10.97                |
| Depreciation charge for the year                    | 3.39               | -                    |
| Disposals   | -                  | -                    |
| <b>Accumulated depreciation as of 31 March 2023</b> | <b>59.11</b>       | <b>10.97</b>         |
| <b>Net Carrying value as of 31 March 2023</b>       | <b>7.59</b>        | <b>-</b>             |
| Gross carrying value as of 01 April 2023            | 66.70              | 10.97                |
| Additions   | 12.63              | -                    |
| Disposals   | -                  | -                    |
| <b>Gross carry value as of 31 March 2024</b>        | <b>79.33</b>       | <b>10.97</b>         |
| Accumulated depreciation as of 01 April 2023        | 59.11              | 10.97                |
| Depreciation charge for the year                    | 5.50               | -                    |
| Disposals   | -                  | -                    |
| <b>Accumulated depreciation as of 31 March 2024</b> | <b>64.61</b>       | <b>10.97</b>         |
| <b>Net Carrying value as of 31 March 2024</b>       | <b>14.72</b>       | <b>-</b>             |

**Note 3b: Intangible assets under development and Capital work-in-progress**

| Particulars                                   | Intangible Assets<br>under development | Capital Work-in-<br>progress |
|---|--|------------------------------|
| <b>Balance as on 01 April 2021</b>            | 1.44                                   | -                            |
| Add: Additions during the year                | 2.48                                   | 7.53                         |
| Less: Capitalised/expense out during the year | 3.92                                   | -                            |
| <b>Balance as on 01 April 2022</b>            | <b>-</b>                               | <b>7.53</b>                  |
| <b>Balance as on 01 April 2022</b>            | <b>-</b>                               | <b>7.53</b>                  |
| Add: Additions during the year                | -                                      | 120.97                       |
| Less: Capitalised/expense out during the year | -                                      | -                            |
| <b>Balance as on 31 March 2023</b>            | <b>-</b>                               | <b>128.50</b>                |
| <b>Balance as on 01 April 2023</b>            | <b>-</b>                               | <b>128.50</b>                |
| Add: Additions during the year                | -                                      | 144.83                       |
| Less: Capitalised/expense out during the year | -                                      | 141.40                       |
| <b>Balance as on 31 March 2024</b>            | <b>-</b>                               | <b>131.93</b>                |



**Spray Engineering Devices Limited****Notes to the Consolidated Financial Statements***(Amount in INR millions, except for share data unless otherwise stated)***Capital work-in-progress (CWIP) aging schedule as at 31 March 2024**

| Particulars                       | <u>Amount in capital work-in-progress for a period of</u> |              |             |                   | Total         |
|-----------------------------------|---|--------------|-------------|-------------------|---------------|
|                                   | Less than 1 year  | 1 -2 years   | 2-3 years   | More than 3 years |               |
| i) Projects in progress           | 45.47   | 78.93        | 7.53        | -                 | 131.93        |
| ii)Projects temporarily suspended | -   | -            | -           | -                 | -             |
| <b>Total</b>                      | <b>45.47</b>  | <b>78.93</b> | <b>7.53</b> | <b>-</b>          | <b>131.93</b> |

**Capital work-in-progress (CWIP) aging schedule as at 31 March 2023**

| Particulars                       | <u>Amount in capital work-in-progress for a period of</u> |             |           |                   | Total         |
|-----------------------------------|---|-------------|-----------|-------------------|---------------|
|                                   | Less than 1 year  | 1 -2 years  | 2-3 years | More than 3 years |               |
| i) Projects in progress           | 120.97  | 7.53        | -         | -                 | 128.50        |
| ii)Projects temporarily suspended | -   | -           | -         | -                 | -             |
| <b>Total</b>                      | <b>120.97</b>   | <b>7.53</b> | <b>-</b>  | <b>-</b>          | <b>128.50</b> |

**Capital work-in-progress (CWIP) aging schedule as at 01 April 2022**

| Particulars                       | <u>Amount in capital work-in-progress for a period of</u> |            |           |                   | Total       |
|-----------------------------------|---|------------|-----------|-------------------|-------------|
|                                   | Less than 1 year  | 1 -2 years | 2-3 years | More than 3 years |             |
| i) Projects in progress           | 7.53  | -          | -         | -                 | 7.53        |
| ii)Projects temporarily suspended | -   | -          | -         | -                 | -           |
| <b>Total</b>                      | <b>7.53</b>   | <b>-</b>   | <b>-</b>  | <b>-</b>          | <b>7.53</b> |

**Spray Engineering Devices Limited**  
**Notes to the Consolidated Financial Statements**

(Amount in INR millions, except for share data unless otherwise stated)

**Note 4: Right-of-use Assets**

The details of the Line Items of Right-of-use Assets is as follows:-

| Particulars  | 31 March 2024 | 31 March 2023 | 01 April 2022 |
|--|---------------|---------------|---------------|
| <b>Buildings</b>                                       |               |               |               |
| Gross Carrying Value at the Beginning of the year      | 11.64         | 93.25         | -             |
| Additions  | -             | 7.78          | 93.25         |
| Deletions  | -             | 89.39         | -             |
| <b>Gross carrying value at the end of the year</b>     | <b>11.64</b>  | <b>11.64</b>  | <b>93.25</b>  |
| Accumulated depreciation at the beginning of the year  | 7.75          | 13.79         | -             |
| Depreciation charge for the year                       | 3.89          | 9.68          | 13.79         |
| Deletions  | -             | 15.72         | -             |
| <b>Accumulated depreciation at the end of the year</b> | <b>11.64</b>  | <b>7.75</b>   | <b>13.79</b>  |
| <b>Net Carrying Value at the end of the year (A)</b>   | <b>-</b>      | <b>3.89</b>   | <b>79.46</b>  |
| <b>Plant &amp; Machinery</b>                           |               |               |               |
| Gross Carrying Value at the Beginning of the year      | 8.25          | -             | -             |
| Additions  | 20.50         | 8.25          | -             |
| Deletions  | -             | -             | -             |
| <b>Gross carrying value at the end of the year</b>     | <b>28.75</b>  | <b>8.25</b>   | <b>-</b>      |
| Accumulated depreciation at the beginning of the year  | 0.20          | -             | -             |
| Depreciation charge for the year                       | 1.47          | 0.20          | -             |
| Deletions  | -             | -             | -             |
| <b>Accumulated depreciation at the end of the year</b> | <b>1.67</b>   | <b>0.20</b>   | <b>-</b>      |
| <b>Net Carrying Value at the end of the year (B)</b>   | <b>27.08</b>  | <b>8.05</b>   | <b>-</b>      |
| <b>Total Carrying Value (A+B)</b>                      | <b>27.08</b>  | <b>11.94</b>  | <b>79.46</b>  |

**Spray Engineering Devices Limited****Notes to the Consolidated Financial Statements***(Amount in INR millions, except for share data unless otherwise stated)***NOTE 5: NON-CURRENT FINANCIAL ASSET - INVESTMENTS**

| Particulars   | 31 March 2024              |               |              | 31 March 2023              |               |              | 01 April 2022              |               |              |
|---|----------------------------|---------------|--------------|----------------------------|---------------|--------------|----------------------------|---------------|--------------|
|   | Face Value per share (Rs.) | No. of Shares | Value        | Face Value per share (Rs.) | No. of Shares | Value        | Face Value per share (Rs.) | No. of Shares | Value        |
| <b>Investment in equity instruments (at cost)</b>               |                            |               |              |                            |               |              |                            |               |              |
| <b>Equity shares of Associate fully paid up (unquoted)</b>      |                            |               |              |                            |               |              |                            |               |              |
| IPRO Sugar Engineering Private Limited                          | 10                         | 25,000        | 0.25         | 10                         | 25,000        | 0.25         | 10                         | 25,000        | 0.25         |
| <b>Total</b>  |                            |               | <b>0.25</b>  |                            |               | <b>0.25</b>  |                            |               | <b>0.25</b>  |
| Less: Provision for impairment on investments                   |                            |               | -            |                            |               | -            |                            |               | -            |
| <b>Total</b>  |                            |               | <b>0.25</b>  |                            |               | <b>0.25</b>  |                            |               | <b>0.25</b>  |
| <b>Equity shares of other fully paid up (unquoted)</b>          |                            |               |              |                            |               |              |                            |               |              |
| Sri Saibaba Sugar Limited                                       | 100                        | 3,00,000      | 30.00        | 100                        | 3,00,000      | 30.00        | 100                        | 3,00,000      | 30.00        |
| <b>Total</b>  |                            |               | <b>30.00</b> |                            |               | <b>30.00</b> |                            |               | <b>30.00</b> |
| Less: Provision for impairment on investments                   |                            |               | 30.00        |                            |               | 30.00        |                            |               | 30.00        |
| <b>Total</b>  |                            |               | <b>-</b>     |                            |               | <b>-</b>     |                            |               | <b>-</b>     |
| Aggregate amount of quoted investments and market value thereof |                            |               | -            |                            |               | -            |                            |               | -            |
| Aggregate amount of unquoted investments                        |                            |               | <b>0.25</b>  |                            |               | <b>0.25</b>  |                            |               | <b>0.25</b>  |
| Aggregate amount of impairment in value of investments          |                            |               | <b>30.00</b> |                            |               | <b>30.00</b> |                            |               | <b>30.00</b> |

**Spray Engineering Devices Limited**  
**Notes to the Consolidated Financial Statements**

*(Amount in INR millions, except for share data unless otherwise stated)*

**NOTE 6: NON-CURRENT FINANCIAL ASSET - OTHER FINANCIAL ASSETS**

| Particulars   | 31 March 2024 | 31 March 2023 | 01 April 2022 |
|---|---------------|---------------|---------------|
| <b>Unsecured, considered good</b>   |               |               |               |
| Security deposits   | 3.65          | 1.25          | -             |
| Balance with banks-deposits accounts with original maturity more than 12 months | 0.22          | 24.26         | 31.70         |
| <b>Total</b>  | <b>3.87</b>   | <b>25.51</b>  | <b>31.70</b>  |

**NOTE 7: DEFERRED TAX ASSETS/(LIABILITIES) (NET)**

| Particulars   | 01 April 2023  | Recognized in<br>Statement of Profit<br>and Loss | Recognized in Other<br>Comprehensive<br>Income | 31 March 2024 |
|---|----------------|--|--|---------------|
| <b>Deferred tax liability</b>   |                |  |  |               |
| Property, plant & equipments and intangible assets  | 37.47          | 19.03  | -  | 56.50         |
| Right of Use Assets   | 3.48           | 4.41   | -  | 7.89          |
| Remeasurements of Financial Liabilities at effective interest method  | 0.81           | (0.19)   | -  | 0.62          |
| <b>Gross deferred tax liability(A)</b>  | <b>41.76</b>   | <b>23.25</b>                                     | -  | <b>65.01</b>  |
| <b>Deferred tax asset</b>   |                |  |  |               |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 15.65          | 12.46  | (1.77)   | 26.34         |
| Expected credit loss allowance on trade receivables   | -              | -  | -  | -             |
| Lease liabilities   | 3.25           | 3.25   | -  | 6.50          |
| Remeasurements of Financial Assets at Amortised Cost  | 1.87           | (1.21)   | -  | 0.66          |
| <b>Sub total</b>  | <b>20.77</b>   | <b>14.50</b>                                     | <b>(1.77)</b>                                  | <b>33.50</b>  |
| <b>Unused Tax Credits</b>   |                |  |  |               |
| Minimum Alternate Tax Utilised  | 52.22          | (51.75)  |  | 0.47          |
| <b>Gross deferred tax asset(B)</b>  | <b>72.99</b>   | <b>(37.25)</b>                                   | <b>(1.77)</b>                                  | <b>33.97</b>  |
| <b>Net deferred tax (assets)/ liability ( A - B )*</b>  | <b>(31.23)</b> | <b>60.50</b>                                     | <b>1.77</b>                                    | <b>31.04</b>  |

| Particulars   | 01 April 2022   | Recognized in<br>Statement of Profit<br>and Loss | Recognized in Other<br>Comprehensive<br>Income | 31 March 2023  |
|---|-----------------|--|--|----------------|
| <b>Deferred tax liability</b>   |                 |  |  |                |
| Property, plant & equipments and intangible assets  | -               | 37.47  | -  | 37.47          |
| Right of Use Assets   | -               | 3.48   | -  | 3.48           |
| Remeasurements of Financial Liabilities at effective interest method  | -               | 0.81   | -  | 0.81           |
| <b>Gross deferred tax liability</b>   | -               | <b>41.76</b>                                     | -  | <b>41.76</b>   |
| <b>Deferred tax asset</b>   |                 |  |  |                |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | -               | 16.49  | (0.84)   | 15.65          |
| Expected credit loss allowance on trade receivables   | -               | -  | -  | -              |
| Lease liabilities   | -               | 3.25   | -  | 3.25           |
| Remeasurements of Financial Assets at Amortised Cost  | -               | 1.87   | -  | 1.87           |
| <b>Sub total</b>  | -               | <b>21.61</b>                                     | <b>(0.84)</b>                                  | <b>20.77</b>   |
| <b>Unused Tax Credits</b>   |                 |  |  |                |
| Minimum Alternate Tax   | 100.49          | (48.27)  | -  | 52.22          |
| <b>Gross deferred tax asset</b>   | <b>100.49</b>   | <b>(26.66)</b>                                   | <b>(0.84)</b>                                  | <b>72.99</b>   |
| <b>Net deferred tax (assets)/ liability ( A - B )*</b>  | <b>(100.49)</b> | <b>68.42</b>                                     | <b>0.84</b>                                    | <b>(31.23)</b> |

| Particulars   | 01 April 2021 | Recognized in<br>Statement of Profit<br>and Loss | Recognized in Other<br>Comprehensive<br>Income | 01 April 2022 |
|---|---------------|--|--|---------------|
| <b>Deferred tax liability</b>   |               |  |  |               |
| Property, plant & equipments and intangible assets  | -             | -  | -  | -             |
| <b>Gross deferred tax liability</b>   | -             | -  | -  | -             |
| <b>Deferred tax asset</b>   |               |  |  |               |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | -             | -  | -  | -             |
| Expected credit loss allowance on trade receivables   | -             | -  | -  | -             |
| Lease Liabilities   | -             | -  | -  | -             |
| <b>Sub total</b>  | -             | -  | -  | -             |
| <b>Unused Tax Credits</b>   |               |  |  |               |
| Minimum Alternate Tax   | 89.28         | 11.21  | -  | 100.49        |

|   |                |                |   |                 |
|---|----------------|----------------|---|-----------------|
| Gross deferred tax asset                        | 89.28          | 11.21          | - | <b>100.49</b>   |
| Net deferred tax (assets)/ liability ( A - B )* | <b>(89.28)</b> | <b>(11.21)</b> | - | <b>(100.49)</b> |

**NOTE 8: OTHER NON-CURRENT ASSETS**

| <b>Particulars</b>                          | <b>31 March 2024</b> | <b>31 March 2023</b> | <b>01 April 2022</b> |
|---|----------------------|----------------------|----------------------|
| <b>Capital Advances</b>                     | -                    | -                    | -                    |
| <b>Advances other than Capital Advances</b> |                      |                      |                      |
| - Security Deposits                         | 26.06                | 11.66                | 5.44                 |
| - Other Advances                            | 11.35                | 11.35                | 11.35                |
| <b>Total</b>                                | <b>37.41</b>         | <b>23.01</b>         | <b>16.79</b>         |

**NOTE 9: INVENTORIES (AT LOWER OF COST OR NET REALISABLE VALUE)**

| <b>Particulars</b>        | <b>31 March 2024</b> | <b>31 March 2023</b> | <b>01 April 2022</b> |
|---------------------------|----------------------|----------------------|----------------------|
| Raw Material & Components | 486.01               | 441.79               | 405.81               |
| Stores and spares         | 22.72                | 23.37                | 18.47                |
| Work-in-progress          | 138.98               | 219.12               | 178.11               |
| Finished goods            | 112.80               | 94.65                | 59.87                |
| <b>Total</b>              | <b>760.51</b>        | <b>778.93</b>        | <b>662.26</b>        |

**Spray Engineering Devices Limited**  
**Notes to the Consolidated Financial Statements**

(Amount in INR millions, except for share data unless otherwise stated)

**NOTE 10: CURRENT FINANCIAL ASSET - INVESTMENTS**

| <b>Particulars</b>   | <b>31 March 2024</b> | <b>31 March 2023</b> | <b>01 April 2022</b> |
|--|----------------------|----------------------|----------------------|
| <b>Investments at fair value through Profit &amp; Loss FVTPL</b>   |                      |                      |                      |
| Investment in Mutual Funds (Quoted)  |                      |                      |                      |
| Canara Robeco Consumer Trends Fund - Regular Growth 8227.572 Units<br>(31 March 2023 - 8227.572 Units)       | 0.77                 | 0.56                 | -                    |
| Canara Robeco Equity Hybrid Fund - Regular Growth - 2222.136 Units<br>(31 March 2023- 2222.136 Units)        | 0.69                 | 0.54                 | -                    |
| Bank of India Multi Cap Fund - Regular Plan- Growth - 141043.851 Units<br>(31 March 2023 - 99995 Units)      | 2.13                 | 1.00                 | -                    |
| Bank of India MultiAsset Allocation Fund - Regular Plan- Growth - 49997 Units<br>(31 March 2023 - Nil Units) | 0.51                 | -                    | -                    |
| <b>Investments at Amortised Cost</b>   |                      |                      |                      |
| Unquoted Investments   | -                    | -                    | -                    |
| <b>Total Investments</b>   | <b>4.10</b>          | <b>2.10</b>          | -                    |
| Aggregate amount of quoted investments and market value thereof  | 4.10                 | 2.10                 | -                    |
| Aggregate amount of unquoted investments   | -                    | -                    | -                    |
| Aggregate amount of impairment in value of investments   | -                    | -                    | -                    |
| <b>Total</b>   | <b>4.10</b>          | <b>2.10</b>          | -                    |

**NOTE 11: CURRENT FINANCIAL ASSET - TRADE RECEIVABLES**

| <b>Particulars</b>   | <b>31 March 2024</b> | <b>31 March 2023</b> | <b>01 April 2022</b> |
|--|----------------------|----------------------|----------------------|
| Trade receivables considered good - secured                      | -                    | -                    | -                    |
| Trade receivables considered good - unsecured                    | 868.04               | 600.82               | 429.02               |
| Trade receivables which have significant increase in credit risk | -                    | -                    | -                    |
| Trade receivables - credit impaired                              | 39.80                | 39.80                | 137.31               |
| Less: Allowance for expected credit losses                       | (39.80)              | (39.80)              | (137.31)             |
| <b>Total</b>   | <b>868.04</b>        | <b>600.82</b>        | <b>429.02</b>        |

(₹ in millions)

| <b>Movement in expected credit loss allowance of trade receivables</b> | <b>31 March 2024</b> | <b>31 March 2023</b> | <b>01 April 2022</b> |
|--|----------------------|----------------------|----------------------|
| Balance at the beginning of the year                                   | 39.80                | 137.31               | 299.67               |
| Add:- Additions during the year  | -                    | -                    | -                    |
| Less:- Bad debts written off   | -                    | 97.51                | 162.36               |
| Balance at the end of the year   | <b>39.80</b>         | <b>39.80</b>         | <b>137.31</b>        |

**NOTE 12: CURRENT FINANCIAL ASSET - CASH AND CASH EQUIVALENTS**

| <b>Particulars</b>   | <b>31 March 2024</b> | <b>31 March 2023</b> | <b>01 April 2022</b> |
|--|----------------------|----------------------|----------------------|
| (A) Balances with banks:   |                      |                      |                      |
| -In current accounts   | 4.00                 | 13.96                | 12.98                |
| -In fixed deposit under lien held as margin money (for credit facility and bank guarantee)<br>maturing within 12months | 112.29               | 105.35               | 62.20                |
| (B) Cash on Hand   | 0.10                 | 0.11                 | 3.62                 |
| <b>Total</b>   | <b>116.39</b>        | <b>119.42</b>        | <b>78.80</b>         |
| <b>Cash &amp; cash equivalents</b>   | <b>4.10</b>          | <b>14.07</b>         | <b>16.60</b>         |
| <b>Bank Balance other than above</b>   | <b>112.29</b>        | <b>105.35</b>        | <b>62.20</b>         |

**NOTE 13: CURRENT FINANCIAL ASSET - OTHER FINANCIAL ASSETS**

| <b>Particulars</b>                                  | <b>31 March 2024</b> | <b>31 March 2023</b> | <b>01 April 2022</b> |
|---|----------------------|----------------------|----------------------|
| <b>Others</b>                                       |                      |                      |                      |
| Interest accrued but not due on bank fixed deposits | 1.66                 | 2.60                 | 1.30                 |
| <b>Total</b>  | <b>1.66</b>          | <b>2.60</b>          | <b>1.30</b>          |

**NOTE 14: CURRENT TAX ASSETS/(LIABILITIES) (NET)**

| <b>Particulars</b>                                 | <b>31 March 2024</b> | <b>31 March 2023</b> | <b>01 April 2022</b> |
|--|----------------------|----------------------|----------------------|
| Provision for taxation (Net of advance tax & TDS ) | (124.47)             | (43.35)              | (0.45)               |
| <b>Total</b>                                       | <b>(124.47)</b>      | <b>(43.35)</b>       | <b>(0.45)</b>        |

**NOTE 15: OTHER CURRENT ASSETS**

| <b>Particulars</b>                          | <b>31 March 2024</b> | <b>31 March 2023</b> | <b>01 April 2022</b> |
|---|----------------------|----------------------|----------------------|
| <b>Capital advances</b>                     | -                    | 41.53                | -                    |
| <b>Advances other than capital advances</b> |                      |                      |                      |
| - Advances to suppliers                     |                      |                      |                      |
| <i>Unsecured, considered good</i>           | 193.65               | 232.02               | 215.24               |
| <i>Unsecured, considered doubtful</i>       | 1.24                 | 1.93                 | 1.95                 |
| -Loan and advances to related parties       | -                    | -                    | -                    |
| -Other Advances                             | 101.22               | 101.37               | 35.58                |
|   | <b>296.11</b>        | <b>376.85</b>        | <b>252.77</b>        |
| Less: Allowance for expected credit losses  | (1.24)               | (1.93)               | (1.95)               |
| <b>Total</b>                                | <b>294.87</b>        | <b>374.92</b>        | <b>250.82</b>        |



**Spray Engineering Devices Limited**
**Notes to the Consolidated Financial Statements**
*(Amount in INR millions, except for share data unless otherwise stated)*
**Trade Receivables aging schedule**

| Particulars   | Outstanding for following periods from due date of payment |                   |               |              |                   | Total         |
|---|--|-------------------|---------------|--------------|-------------------|---------------|
|   | Less than 6 months   | 6 months - 1 year | 1-2 years     | 2-3 years    | More than 3 years |               |
| Undisputed Trade Receivables - considered good                                |  |                   |               |              |                   |               |
| 31 March 2024   | 470.77   | 100.05            | 169.02        | 44.82        | 17.36             | <b>802.02</b> |
| 31 March 2023   | 295.43   | 120.68            | 73.62         | 14.99        | 32.38             | <b>537.10</b> |
| 01 April 2022   | 176.30   | 85.02             | 38.82         | 25.79        | 52.38             | <b>378.31</b> |
| Undisputed Trade Receivables - which have significant increase in credit risk |  |                   |               |              |                   |               |
| 31 March 2024   | -  | -                 | -             | -            | -                 | -             |
| 31 March 2023   | -  | -                 | -             | -            | -                 | -             |
| 01 April 2022   | -  | -                 | -             | -            | -                 | -             |
| Undisputed Trade Receivables - credit impaired                                |  |                   |               |              |                   |               |
| 31 March 2024   | -  | -                 | -             | -            | 39.80             | <b>39.80</b>  |
| 31 March 2023   | -  | -                 | -             | -            | 39.80             | <b>39.80</b>  |
| 01 April 2022   | -  | -                 | -             | -            | 137.31            | <b>137.31</b> |
| Disputed Trade Receivables - considered good                                  |  |                   |               |              |                   |               |
| 31 March 2024   | -  | -                 | 4.41          | -            | 61.61             | <b>66.02</b>  |
| 31 March 2023   | -  | -                 | -             | 3.36         | 60.36             | <b>63.72</b>  |
| 01 April 2022   | -  | -                 | -             | -            | 50.71             | <b>50.71</b>  |
| Disputed Trade Receivables - which have significant increase in credit risk   |  |                   |               |              |                   |               |
| 31 March 2024   | -  | -                 | -             | -            | -                 | -             |
| 31 March 2023   | -  | -                 | -             | -            | -                 | -             |
| 01 April 2022   | -  | -                 | -             | -            | -                 | -             |
| Disputed Trade Receivables - credit impaired                                  |  |                   |               |              |                   |               |
| 31 March 2024   | -  | -                 | -             | -            | -                 | -             |
| 31 March 2023   | -  | -                 | -             | -            | -                 | -             |
| 01 April 2022   | -  | -                 | -             | -            | -                 | -             |
| <b>Total</b>  | <b>470.77</b>  | <b>100.05</b>     | <b>173.42</b> | <b>44.82</b> | <b>118.77</b>     | <b>907.84</b> |
| <b>Total</b>  | <b>295.43</b>  | <b>120.68</b>     | <b>73.62</b>  | <b>18.35</b> | <b>132.54</b>     | <b>640.62</b> |
| <b>Total</b>  | <b>176.30</b>  | <b>85.02</b>      | <b>38.82</b>  | <b>25.79</b> | <b>240.40</b>     | <b>566.33</b> |
| Less:-Allowance for expected credit loss                                      |  |                   |               |              |                   |               |
| 31 March 2024   | -  | -                 | -             | -            | 39.80             | <b>39.80</b>  |
| 31 March 2023   | -  | -                 | -             | -            | 39.80             | <b>39.80</b>  |
| 01 April 2022   | -  | -                 | -             | -            | 137.31            | <b>137.31</b> |
| <b>Total Trade Receivables(Net)</b>   |  |                   |               |              |                   |               |
| 31 March 2024   | <b>470.77</b>  | <b>100.05</b>     | <b>173.42</b> | <b>44.82</b> | <b>78.97</b>      | <b>868.04</b> |
| 31 March 2023   | <b>295.43</b>  | <b>120.68</b>     | <b>73.62</b>  | <b>18.35</b> | <b>92.74</b>      | <b>600.82</b> |
| 01 April 2022   | <b>176.30</b>  | <b>85.02</b>      | <b>38.82</b>  | <b>25.79</b> | <b>103.09</b>     | <b>429.02</b> |

**Spray Engineering Devices Limited**  
**Notes to the Consolidated Financial Statements**

*(Amount in INR millions, except for share data unless otherwise stated)*

**NOTE 17: OTHER EQUITY**

| Particulars  | 31 March 2024   | 31 March 2023 | 01 April 2022 |
|--|-----------------|---------------|---------------|
| <b>(a) Securities premium</b>                          |                 |               |               |
| Balance outstanding at the beginning of the year       | 613.01          | 613.01        | 613.01        |
| Add: Additions during the year                         | -               | -             | -             |
| Less: Utilised during the year                         | -               | -             | -             |
| Balance outstanding at the end of the year             | 613.01          | 613.01        | 613.01        |
| <br><b>(b) Retained earnings</b>                       |                 |               |               |
| Balance outstanding at the beginning of the year       | (129.79)        | (473.08)      | (622.05)      |
| Add/(Less): Transition effect on Restatement to Ind AS | -               | -             | (3.67)        |
| Add: Net profit for the year                           | 531.55          | 347.21        | 151.92        |
| Add :Income on account of OCI                          | (7.85)          | (3.72)        | 0.75          |
| Less: Appropriations                                   | -               | 0.20          | 0.03          |
| Balance outstanding at the end of the year             | 393.91          | (129.79)      | (473.08)      |
| <b>Total (a+b)</b>                                     | <b>1,006.92</b> | <b>483.22</b> | <b>139.93</b> |

**Spray Engineering Devices Limited**  
**Notes to the Consolidated Financial Statements**

(Amount in INR millions, except for share data unless otherwise stated)

**NOTE 16: EQUITY SHARE CAPITAL**

| Particulars                                       | 31 March 2024      |               | 31 March 2023      |               | 01 April 2022      |               |
|---|--------------------|---------------|--------------------|---------------|--------------------|---------------|
|   | Number of shares   | Amounts       | Number of shares   | Amounts       | Number of shares   | Amounts       |
| <b>Authorized share capital</b>                   | 40000000           | 400.00        | 40000000           | 400.00        | 24050000.00        | 240.50        |
| Equity shares of ₹ 10/- each with voting rights   |                    |               |                    |               |                    |               |
| <b>Issued share capital</b>                       | 22586781           | 225.87        | 22586781           | 225.87        | 22586781           | 225.87        |
| Equity shares of ₹ 10/- each with voting rights   |                    |               |                    |               |                    |               |
| <b>Subscribed and fully paid-up share Capital</b> | 22586781           | 225.87        | 22586781           | 225.87        | 22586781           | 225.87        |
| Equity shares of ₹ 10/- each with voting rights   |                    |               |                    |               |                    |               |
| <b>Total</b>                                      | <b>2,25,86,781</b> | <b>225.87</b> | <b>2,25,86,781</b> | <b>225.87</b> | <b>2,25,86,781</b> | <b>225.87</b> |

**Notes:**

(a) The rights, preferences and restrictions attached to each class of shares including restrictions on the distribution of dividends and the repayment of capital as under:

The Company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is entitled to one vote per share. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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 each of the equity

(b) Reconciliation of the number of shares and amount outstanding:

| Particulars  | 31 March 2024      |               | 31 March 2023      |               | 01 April 2022      |               |
|--|--------------------|---------------|--------------------|---------------|--------------------|---------------|
|  | Number of shares   | Amounts       | Number of shares   | Amounts       | Number of shares   | Amounts       |
| <b>Equity shares outstanding at the beginning of the year</b>  | 2,25,86,781        | 225.87        | 2,25,86,781        | 225.87        | 2,25,86,781        | 225.87        |
| Add: Issued during the year                                    | -                  | -             | -                  | -             | -                  | -             |
| Less: Shares bought back                                       | -                  | -             | -                  | -             | -                  | -             |
| <b>Equity shares outstanding at the end of the period/year</b> | <b>2,25,86,781</b> | <b>225.87</b> | <b>2,25,86,781</b> | <b>225.87</b> | <b>2,25,86,781</b> | <b>225.87</b> |

(c) Detail of shares held by each shareholder holding more than 5% of the total number of equity shares:

| Class of shares/name of the shareholders:            | 31 March 2024         |                                   | 31 March 2023         |                                   | 01 April 2022         |                                   |
|--|-----------------------|-----------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
|  | Number of shares held | % Holding in that class of shares | Number of shares held | % Holding in that class of shares | Number of shares held | % Holding in that class of shares |
| <b>Equity shares with voting rights</b>              |                       |                                   |                       |                                   |                       |                                   |
| (i) Mr. Vivek Verma (Chairman cum Managing Director) | 1,21,93,918           | 53.99%                            | 1,28,06,661           | 56.70%                            | 1,28,06,661           | 56.70%                            |
| (ii) Mr. Prateek Verma (Whole-time Director)         | 59,42,730             | 26.31%                            | 59,89,987             | 26.52%                            | 59,89,987             | 26.52%                            |
| (iii) Klondike Investments Ltd.                      | 28,23,348             | 12.50%                            | 28,23,348             | 12.50%                            | 28,23,348             | 12.50%                            |

(d) Shareholding of promoters:

| Shares held by promoters at end of the period/ year<br>Promotor name | 31 March 2024         |                   | 31 March 2023         |                   | 01 April 2022         |                   | % change during the year |
|--|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|--------------------------|
|  | Number of shares held | % of total shares | Number of shares held | % of total shares | Number of shares held | % of total shares |                          |
| (i) Mr. Vivek Verma (Chairman cum Managing Director)                 | 1,21,93,918           | 53.99%            | 1,28,06,661           | 56.70%            | 1,28,06,661           | 56.70%            | -2.71%                   |
| (ii) Mr. Prateek Verma (Whole-time Director)                         | 59,42,730             | 26.31%            | 59,89,987             | 26.52%            | 59,89,987             | 26.52%            | -0.21%                   |

**Spray Engineering Devices Limited**  
**Notes to the Consolidated Financial Statements**  
(Amount in INR millions, except for share data unless otherwise stated)  
**NOTE 18: NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS**

| Particulars                                      | 31 March 2024 | 31 March 2023 | 01 April 2022 |
|--|---------------|---------------|---------------|
| <b>Secured</b>                                   |               |               |               |
| Term Loan form banks                             | 257.03        | 268.01        | 61.61         |
| Less: Current maturities of long term borrowings | 47.10         | 43.47         | 16.47         |
| <b>Total</b>                                     | <b>209.93</b> | <b>224.54</b> | <b>45.14</b>  |

i) Vehicle loans of INR 19.81 millions (31 March 2023 - INR 17.50 millions, 01 April 2022 - INR 12.57 millions) 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 9.70% p.a.

ii) INR Nil millions (31 March 2023 - INR Nil millions, 01 April 2022 - INR 0.59 millions) outstanding of Working Capital Demand loan (Total sanctioned limit of INR 8.40 millions) was taken from Bank of India at interest rate of 1 year MCLR+BSS 0.30%+CRP 5.00% with monthly rests secured by 1st pari passu charge by way of hypothecation of stock/ book debts/bills and other chargeable Current assets ( present and future) and collaterally secured by 1st pari passu charge by way of hypothecation 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 was further secured by Personal Guarantee of Mr. Vivek Verma and Mr Prateek Verma . The loan was repayable in 18 monthly instalments commencing from November, 2020 and ending in April, 2022.

iii) INR 1.52 millions (31 March 2023 - INR 6.49 millions, 01 April 2022 - INR 11.10 millions) outstanding of Working Capital Term loan (Total sanctioned limit of INR 14.4 millions) taken from Bank of India at interest rate of 0.65% over RBLR secured by 1st pari passu charge by way of hypothecation of stock/book debts/bills and other chargeable Current assets ( present and future) and collaterally secured by 1st pari passu charge by way of hypothecation 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 was further secured by Personal Guarantee of Mr. Vivek Verma and Mr Prateek Verma . The loan is repayable in 36 monthly instalments commencing from July,2021 and ending in June,2024.

iv) INR 1.94 millions (31 March 2023 - INR 9.71 millions, 01 April 2022 - INR 17.48 millions) outstanding of Working Capital term loan (Total sanctioned limit of INR 23.3 millions) taken from Canara Bank at interest rate of 1 year MCLR subject to a maximum of 9.25 % p.a. secured by 1st pari passu charge with Bank of India on current assets ( present and future) and collaterally secured by 1st pari passu charge with Bank of India on 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 in 36 months installments commencing from July,2021 and ending in June,2024.

v) INR Nil millions (31 March 2023 - INR Nil millions, 01 April 2022 - INR 0.67 millions) outstanding of Working Capital Demand Loan (Total sanctioned limit of INR 12.0 millions) was taken from Canara Bank at interest rate of 1 year MCLR secured by 1st pari passu charge with Bank of India on current assets ( present and future) and collaterally secured by 1st pari passu charge with Bank of India on 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 was further secured by Personal Guarantee of Mr. Vivek Verma and Mr Prateek Verma . The loan was repayable in 18 months installments commencing from November,2020 and ending in April, 2022.

vi) INR 11.00 millions (31 March 2023 - INR 12.00 millions, 01 April 2022 - INR 12.00 millions) outstanding of Working Capital Term Loan (Total sanctioned limit of INR 12.00 millions) was taken from Canara Bank at interest rate of 1 year MCLR subject to a maximum of 9.25 % p.a. secured by 1st pari passu charge on current assets ( present and future) and collaterally secured by 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 in 36 months installments commencing from December,2023 and ending in November,2026.

vii) INR 6.52 millions (31 March 2023 - INR 7.20 millions, 01 April 2022 - INR 7.20 millions) outstanding of Working Capital Term loan (Total sanctioned limit of INR 7.20 millions) taken from Bank of India at interest rate of 0.65% over RBLR secured by 1st pari passu charge by way of hypothecation of stock/ book debts/bills and other chargeable Current assets ( present and future) and collaterally secured by 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 in 36 months installments commencing from November, 2023 and ending in October, 2026.

viii) INR 159.10 millions (31 March 2023 - INR 177.58 millions, 01 April 2022 - INR Nil millions) outstanding of Term loan for purchase of corporate office (Total sanctioned limit of INR 183.70 millions) taken from Canara Bank at interest rate of RLLR +2.50%+0.80% secured by exclusive EMT of Corporate office at Plot no. C-82,Industrial Area,Phase 7,Mohali and further secured by collateral of 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 and other entire fixed assets(existing & future) of its own share of EMT of Rs. 140.00 millions out of total EMT of Rs. 240.80 millions.The loan is further secured by Personal Guarantee of Mr. Vivek Verma and Mr Prateek Verma . The loan is repayable in 120 monthly instalments commencing from December, 2022 and ending in November, 2032.

ix) INR 23.96 millions (31 March 2023 - INR 7.52 millions, 01 April 2022 - INR Nil millions) outstanding of Term loan for purchase of Plant & Machinaries (Total sanctioned limit of INR 32.70 millions) taken from Bank of India at interest rate of 1 year MCLR + BSP 0.30% +CRP 2.08% with monthly rests primarily secured by 1st pari-passu charge by way of hypothecation of Machinery purchased out of bank Finance and further collaterally secured by 1st pari-passu charge by way of EQM of 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 and 1st pari-passu charge by way of hypothecation of other entire fixed assets(existing & future) of the company.The loan is further secured by Personal Guarantee of Mr. Vivek Verma and Mr Prateek Verma . The loan is repayable in 72 monthly instalments commencing from September, 2023 and ending in August, 2029.

x) INR 35.30 millions (31 March 2023 - INR 32.80 millions, 01 April 2022 - INR Nil millions) outstanding of Term loan for purchase of Plant & Machinaries (Total sanctioned limit of INR 46.30 millions) taken from Canara Bank at interest rate of RLLR + 2.50% +0.80% primarily secured by 1st pari-passu charge with Bank of India and further collaterally secured by 1st pari-passu charge by way of EQM of 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 and 1st pari-passu charge by way of hypothecation of other entire fixed assets(existing & future) of the company.The loan is further secured by Personal Guarantee of Mr. Vivek Verma and Mr Prateek Verma . The loan is repayable in 72 monthly instalments commencing from September, 2023 and ending in August, 2029.

**NOTE 19: NON-CURRENT FINANCIAL LIABILITIES - LEASE LIABILITIES**

| Particulars                                   | 31 March 2024 | 31 March 2023 | 01 April 2022 |
|---|---------------|---------------|---------------|
| Long term maturities of Lease Liabilities     | 22.32         | 11.15         | 83.83         |
| Less: Current maturities of lease liabilities | 4.28          | 5.21          | 5.99          |
| <b>Total</b>                                  | <b>18.04</b>  | <b>5.94</b>   | <b>77.84</b>  |

**NOTE 20: NON-CURRENT FINANCIAL LIABILITIES - PROVISIONS**

| Particulars                            | 31 March 2024 | 31 March 2023 | 01 April 2022 |
|--|---------------|---------------|---------------|
| <b>Provision for employee benefits</b> |               |               |               |
| Gratuity (refer note 40)               | 39.10         | 30.86         | 24.06         |
| Leave encashment (refer note 40)       | 13.17         | 14.39         | 8.96          |
| <b>Total</b>                           | <b>52.27</b>  | <b>45.25</b>  | <b>33.02</b>  |

**NOTE 21: CURRENT FINANCIAL LIABILITIES - BORROWINGS**

| Particulars                                    | 31 March 2024 | 31 March 2023 | 01 April 2022 |
|--|---------------|---------------|---------------|
| <b>Loans repayable on demand</b>               |               |               |               |
| <b>Secured</b>                                 |               |               |               |
| <b>From banks</b>                              |               |               |               |
| Cash credit accounts                           | 397.00        | 318.80        | 131.13        |
| <b>From others</b>                             |               |               |               |
| Cash credit accounts                           | 98.50         | -             | -             |
| <b>Current Maturities</b>                      |               |               |               |
| Current maturities of Long-term borrowings     | 47.10         | 43.47         | 16.47         |
| Current maturities of Lease Liabilities        | 4.28          | 5.21          | 5.99          |
| <b>Unsecured</b>                               |               |               |               |
| Loans from NBFCs                               | -             | 1.24          | 1.16          |
| Non interest bearing loan from related parties | -             | -             | -             |
| <b>Total</b>                                   | <b>546.88</b> | <b>368.72</b> | <b>154.75</b> |

**Notes:**

i) Cash credit limits from banks are secured by first pari passu charge on current assets (existing and future) of the company in favour of Canara Bank and Bank of India & collaterally secured by first pari passu charge on Land and Building at Plot no. 76, Industrial area, Baddi, HP (area 2250 Sq. meter), Land and Building at Plot no. 245-246, Industrial area, Baddi, HP (area 1800Sq. meter), Land and Building at Plot no. 395-398, near Coca Cola Factory, Village- Billanwali, Baddi, HP, EMT of 4 Flats located at Baddi, HP standing in the name of the Company and EMT of vacant Plot no.8, myst aerotown, Dyalpura, Zirakpur, SAS Nagar, Punjab (area 500 sq yards) standing in the name of Mr. Vivek Verma.

ii) Cash credit limit from Bajaj finance limited is primary secured by first pari passu charge with Canara Bank and Bank of India on current assets and unencumbered plant and machinery of the company & collaterally secured by first pari passu charge with Canara Bank and Bank of India on Land and Building at Plot no. 76, Industrial area, Baddi, HP (area 2250 Sq. meter), Land and Building at Plot no. 245-246, Industrial area, Baddi, HP (area 1800Sq. meter), Land and Building at Plot no. 395-398, near Coca Cola Factory, Village- Billanwali, Baddi, HP, 4 Flats located at Baddi, HP standing in the name of the Company and Plot no.8, myst aerotown, Dyalpura, Zirakpur, SAS Nagar, Punjab (area 500 sq yards) standing in the name of Mr. Vivek Verma.

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

iv) Loans from NBFC is unsecured loan which is carrying simple interest rate @9.00% p.a.

**NOTE 22: CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES**

| Particulars  | 31 March 2024 | 31 March 2023 | 01 April 2022 |
|--|---------------|---------------|---------------|
| Total outstanding dues of micro enterprises and small enterprises                      | 52.17         | 38.32         | 25.02         |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 507.86        | 374.44        | 314.74        |
|  | <b>560.03</b> | <b>412.76</b> | <b>339.76</b> |

**NOTE 22.1: Disclosure under section 22 of the MSMED Act, 2006**

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Act") has been determined to the extent such parties have been identified by the group, on the basis of information and records available with the group. Disclosure in respect of amount remaining unpaid and interest due on delayed payment has been determined only in respect of payments made after the receipt of information, with regards to filing of memorandum, from the respective suppliers. Disclosure as required under section 22 of the Act, is as under:

| Particulars  | 31 March 2024 | 31 March 2023 | 01 April 2022 |
|--|---------------|---------------|---------------|
| (a) the principal amount and interest due thereon remaining unpaid to any supplier as at the end of accounting year;   |               |               |               |
| ' principal  | 52.17         | 38.32         | 25.02         |
| ' interest   | -             | 1.27          | 0.53          |
| (b) the amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year   | -             | -             | -             |
| (c) the amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)  | -             | 1.27          | 0.53          |
| (d) the amount of interest accrued and remaining unpaid at the end of the accounting year  | -             | -             | -             |
| (e) the amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23 | -             | -             | -             |

**NOTE 23: OTHER CURRENT LIABILITIES**

| Particulars                  | 31 March 2024 | 31 March 2023 | 01 April 2022 |
|------------------------------|---------------|---------------|---------------|
| Income received in Advance   | 163.32        | 677.73        | 802.62        |
| Statutory dues payable       | 9.99          | 15.42         | 5.45          |
| Other Liabilities & Payables | 45.49         | 117.41        | 78.43         |
|                              | <b>218.80</b> | <b>810.56</b> | <b>886.50</b> |

**NOTE 24: CURRENT FINANCIAL LIABILITIES - PROVISIONS**

| Particulars                               | 31 March 2024 | 31 March 2023 | 01 April 2022 |
|---|---------------|---------------|---------------|
| <b>Provision for employee benefits</b>    |               |               |               |
| Gratuity (refer note 40)                  | 7.05          | 3.70          | 2.61          |
| Leave encashment (refer note 40)          | 3.39          | 2.01          | 1.05          |
|   | <b>10.44</b>  | <b>5.71</b>   | <b>3.66</b>   |
| <b>Others</b>                             |               |               |               |
| Provision for warranty (refer note 44)    | 6.33          | 7.55          | 4.97          |
| Provision for Performance (refer note 44) | 10.81         | 8.32          | 8.64          |
|   | <b>17.14</b>  | <b>15.87</b>  | <b>13.61</b>  |
| <b>Total</b>                              | <b>27.58</b>  | <b>21.58</b>  | <b>17.27</b>  |

**Spray Engineering Devices Limited****Notes to the Consolidated Financial Statements***(Amount in INR millions, except for share data unless otherwise stated)***Trade Payables aging schedule**

| Particulars  | Outstanding for following periods from due date of payment |              |              |              | Total         |
|--|--|--------------|--------------|--------------|---------------|
|  | < 1 Year   | 1 to 2 years | 2 to 3 years | > 3 years    |               |
| Outstanding dues of micro and small enterprises                      |  |              |              |              |               |
| 31 March 2024  | 51.31  | 0.57         | 0.23         | 0.05         | <b>52.16</b>  |
| 31 March 2023  | 37.68  | 0.06         | 0.00         | 0.58         | <b>38.32</b>  |
| 01 April 2022  | 23.21  | 0.07         | 0.25         | 1.49         | <b>25.02</b>  |
| Outstanding dues of creditors other than micro and small enterprises |  |              |              |              |               |
| 31 March 2024  | 397.68   | 60.74        | 24.21        | 17.78        | <b>500.41</b> |
| 31 March 2023  | 289.37   | 9.29         | 2.02         | 65.81        | <b>366.49</b> |
| 01 April 2022  | 193.77   | 21.40        | 3.10         | 89.01        | <b>307.28</b> |
| Disputed dues of micro and small enterprises                         |  |              |              |              |               |
| 31 March 2024  | -  | -            | -            | -            | -             |
| 31 March 2023  | -  | -            | -            | -            | -             |
| 01 April 2022  | -  | -            | -            | -            | -             |
| Disputed dues of creditors other than micro and small enterprises    |  |              |              |              |               |
| 31 March 2024  | -  | -            | -            | 7.46         | <b>7.46</b>   |
| 31 March 2023  | -  | -            | -            | 7.95         | <b>7.95</b>   |
| 01 April 2022  | -  | -            | -            | 7.46         | <b>7.46</b>   |
| <b>Total Trade Payables</b>  |  |              |              |              |               |
| 31 March 2024  | <b>448.99</b>  | <b>61.31</b> | <b>24.44</b> | <b>25.29</b> | <b>560.03</b> |
| 31 March 2023  | <b>327.05</b>  | <b>9.35</b>  | <b>2.02</b>  | <b>74.34</b> | <b>412.76</b> |
| 01 April 2022  | <b>216.98</b>  | <b>21.47</b> | <b>3.35</b>  | <b>97.96</b> | <b>339.76</b> |

**Spray Engineering Devices Limited**  
**Notes to the Consolidated Financial Statements**

(Amount in INR millions, except for share data unless otherwise stated)

**NOTE 25: REVENUE FROM OPERATIONS**

| <b>Particulars</b>                          | <b>31 March 2024</b> | <b>31 March 2023</b> |
|---|----------------------|----------------------|
| Sale of products                            | 5,165.66             | 3,691.41             |
| Erection,commissioning and related services | 235.51               | 151.94               |
| Other operating revenues (refer note 25.1)  | 72.28                | 82.85                |
| <b>Total</b>                                | <b>5,473.45</b>      | <b>3,926.20</b>      |

**Note 25.1: Other operating revenues**

| <b>Particulars</b>                  | <b>31 March 2024</b> | <b>31 March 2023</b> |
|-------------------------------------|----------------------|----------------------|
| Export Incentives                   | 24.07                | 11.43                |
| Sale of Scrap                       | 48.21                | 71.40                |
| Foreign exchange fluctuations (Net) | -                    | 0.02                 |
| <b>Total</b>                        | <b>72.28</b>         | <b>82.85</b>         |

**NOTE 26: OTHER INCOME**

| <b>Particulars</b>                             | <b>31 March 2024</b> | <b>31 March 2023</b> |
|--|----------------------|----------------------|
| <b>(a) Interest income:</b>                    | 7.08                 | 5.44                 |
| <b>(b) Other non-operating income:</b>         |                      |                      |
| Gain on Fair Valuation of Investments          | 0.99                 | 0.09                 |
| Balances written back (Net)                    | 0.00                 | 7.53                 |
| Provisions written back                        | 1.27                 | 1.11                 |
| Gain on Disposal of property,plant & equipment | -                    | -                    |
| Gain on derecognition of Financial liability   | -                    | 6.73                 |
| Miscellaneous Income                           | -                    | 0.28                 |
| <b>Total</b>                                   | <b>9.34</b>          | <b>21.18</b>         |

**NOTE 27: COST OF MATERIAL CONSUMED**

| <b>Particulars</b>                   | <b>31 March 2024</b> | <b>31 March 2023</b> |
|--------------------------------------|----------------------|----------------------|
| Raw material and components consumed | 3,405.82             | 2,545.61             |
| <b>Total</b>                         | <b>3,405.82</b>      | <b>2,545.61</b>      |

**NOTE 28: PURCHASE OF STOCK-IN-TRADE**

| <b>Particulars</b>          | <b>31 March 2024</b> | <b>31 March 2023</b> |
|-----------------------------|----------------------|----------------------|
| Purchases of stock-in-trade | -                    | -                    |
| <b>Total</b>                | <b>-</b>             | <b>-</b>             |

**NOTE 29: CHANGE IN INVENTORIES OF FINISHED GOODS,STOCK-IN-TRADE & WORK-IN-PROGRESS**

| <b>Particulars</b>          | <b>31 March 2024</b> | <b>31 March 2023</b> |
|-----------------------------|----------------------|----------------------|
| <b>Closing Stock:</b>       |                      |                      |
| Work-in-progress            | 138.97               | 219.12               |
| Finished goods              | 112.80               | 94.65                |
| <b>Total</b>                | <b>251.77</b>        | <b>313.77</b>        |
| <b>Opening Stock:</b>       |                      |                      |
| Work-in-progress            | 219.12               | 178.11               |
| Finished goods              | 94.65                | 59.87                |
| <b>Total</b>                | <b>313.77</b>        | <b>237.98</b>        |
| <b>Changes in inventory</b> | <b>62.00</b>         | <b>(75.79)</b>       |

**Spray Engineering Devices Limited**  
**Notes to the Consolidated Financial Statements**

(Amount in INR millions, except for share data unless otherwise stated)

**NOTE 30: EMPLOYEE BENEFITS EXPENSE**

| Particulars                              | 31 March 2024 | 31 March 2023 |
|--|---------------|---------------|
| Salaries, wages and bonus                | 408.18        | 337.86        |
| Directors Remuneration                   | 10.22         | 9.69          |
| Contribution to provident and other fund | 17.22         | 13.77         |
| Gratuity and EL expenses (refer note 40) | 14.45         | 13.62         |
| Staff welfare expenses                   | 15.54         | 17.11         |
| <b>Total</b>                             | <b>465.61</b> | <b>392.05</b> |

**NOTE 31: FINANCE COSTS**

| Particulars                     | 31 March 2024 | 31 March 2023 |
|---------------------------------|---------------|---------------|
| Interest expense                |               |               |
| - on Term Loan                  | 28.34         | 11.96         |
| - on Working Capital Facilities | 38.24         | 23.64         |
| - on Lease Liabilities          | 1.50          | 4.06          |
| Other borrowing costs           | 30.83         | 41.05         |
| <b>Total</b>                    | <b>98.91</b>  | <b>80.71</b>  |

**NOTE 32: DEPRECIATION AND AMORTIZATION EXPENSE**

| Particulars                                      | 31 March 2024 | 31 March 2023 |
|--|---------------|---------------|
| Depreciation of Property, Plant & equipment      | 38.44         | 25.24         |
| Depreciation/amortization of right-of-use assets | 5.36          | 9.89          |
| Amortization of intangible assets                | 5.50          | 3.39          |
| <b>Total</b>                                     | <b>49.30</b>  | <b>38.52</b>  |

**NOTE 33: OTHER EXPENSE**

| Particulars                                      | 31 March 2024 | 31 March 2023 |
|--|---------------|---------------|
| Consumption of Stores & spares                   | 16.47         | 19.85         |
| Power and Electricity Charges                    | 32.02         | 16.11         |
| Project Site Expenses                            | 156.44        | 88.57         |
| Repair & Maintenances:                           |               |               |
| '-Plant & Machinery                              | 9.49          | 18.11         |
| '- Building                                      | 16.50         | 6.09          |
| Freight, Cartage and Octroi (Net)                | 109.90        | 51.69         |
| CSR Expenses (refer note 36)                     | 4.34          | -             |
| Selling Expenses                                 | 86.69         | 58.84         |
| Travel & Conveyance                              | 39.00         | 31.24         |
| Rent   | 10.08         | 11.22         |
| Rates and Taxes                                  | 3.51          | 8.87          |
| Insurance  | 3.85          | 4.40          |
| Payment to auditors                              |               |               |
| - Statutory audit fees                           | 1.08          | 0.78          |
| Warranty Expenses                                | 17.72         | -             |
| Advances to Subsidiary written off               | -             | 69.14         |
| Less:- Reversal of Provision created on the same | -             | (69.14)       |
| Vehicle and other maintenances                   | 28.19         | 20.22         |
| Advertisement, Publicity and Sales Promotion     | 10.01         | 5.65          |
| Communication Cost                               | 3.61          | 3.36          |
| Legal & Professional Charges                     | 39.03         | 24.40         |
| Bad debts written off                            | 30.18         | 183.18        |
| Less:- Reversal of Provision created on the same | -             | (96.65)       |
| Balances written off                             | -             | -             |
| Other Miscellaneous Expenses                     | 18.39         | 16.02         |
| Website and Software Expenses                    | 18.64         | 14.65         |
| Loss on disposal of property, plant & equipment  | -             | 0.02          |
| Gain/Loss on Foreign Exchange Fluctuation (Net)  | 2.66          | 10.31         |
| <b>Total</b>                                     | <b>657.80</b> | <b>496.93</b> |



**Spray Engineering Devices Limited****Notes to the Consolidated Financial Statements**

*(Amount in INR millions, except for share data unless otherwise stated)*

**NOTE 34: EARNINGS PER SHARE**

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| <b>Particulars</b>   | <b>31 March 2024</b> | <b>31 March 2023</b> |
|--|----------------------|----------------------|
| i) Net profit available to equity shareholders   | 523.70               | 343.49               |
| ii) Weighted average number of equity shares outstanding during the year for the purpose of calculation of earning per share | 2,25,86,781          | 2,25,86,781          |
| iii) Nominal value of equity share (in ₹)  | 10.00                | 10.00                |
| iv) Basic earning per share(in ₹)  | 23.19                | 15.21                |
| v) Diluted earning per share(in ₹)   | 23.19                | 15.21                |

**Spray Engineering Devices Limited**  
**Notes to the Consolidated Financial Statements**  
*(Amount in INR millions, except for share data unless otherwise stated)*

**35. Capital commitments and contingent Liabilities**

| <b>Particulars</b>   | <b>31 March 2024</b> | <b>31 March 2023</b> | <b>01 April 2022</b> |
|--|----------------------|----------------------|----------------------|
| <b>Capital Commitments</b>   |                      |                      |                      |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | -                    | 41.57                | 67.70                |
| <b>Contingent Liabilities</b>  |                      |                      |                      |
| Guarantees given by banks on behalf of the company   | 261.80               | 151.34               | 0.28                 |
| Claims against Company not acknowledged as debts   | -                    | -                    | -                    |
| Disputed demands in appeal towards:  |                      |                      |                      |
| - Income Tax   | 23.16                | 23.16                | 23.16                |

**36. Corporate Social Responsibility**

As per the provisions of section 135 of the Companies Act,2013, the Company has incurred CSR expenditure of INR 4.34 during the financial year ended as on 31 March 2024. These provisions were also applicable to the company for the financial year ended as on 31 March 2023. However, in terms of Section 135 read with Section 198 of the Companies Act,2013 the company was not required to spent on CSR activities during the financial year ended as on 31 March 2023.

Detail of the CSR expenditure incurred is as follows:-

| <b>Amount spent on</b>   | <b>31 March 2024</b> | <b>31 March 2023</b> | <b>01 April 2022</b> |
|--|----------------------|----------------------|----------------------|
| Construction/acquisition of any asset                            | -                    | -                    | -                    |
| On the purposes covered under schedule VII to Companies Act,2013 | 4.34                 | -                    | -                    |

Disclosure related to Corporate social responsibility:-

| <b>Particulars</b>  | <b>31 March 2024</b> | <b>31 March 2023</b> | <b>01 April 2022</b> |
|---|----------------------|----------------------|----------------------|
| i) Amount required to be spent by the company during the year | 4.34                 | -                    | -                    |
| ii) Amount of expenditure incurred                            | 4.34                 | -                    | -                    |
| iii) Shortfall at the end of the year                         | -                    | -                    | -                    |
| iv) Total of previous years shortfall                         | -                    | -                    | -                    |
| v) Reason for shortfall                                       | -                    | -                    | -                    |

vi) Nature of CSR activities is as under:-

## Spray Engineering Devices Limited

### Notes to the Consolidated Financial Statements

(Amount in INR millions, except for share data unless otherwise stated)

| Name of the Project            | Item from the list of activities in Schedule VII to the Act | Local area (Yes/No) | Location of the project | Project duration | CSR Obligation for the financial year ended as on 31 March 2024 | Amount spent in the current financial year | Mode of Implementation - Direct (Yes/No) |
|--------------------------------|---|---------------------|-------------------------|------------------|---|--|--|
| Food for everyone in Delhi-NCR | Eradicating hunger, poverty and malnutrition                | No                  | Delhi                   | -                | 4.34  | 4.34                                       | No-Through NGO Manav Kalyan Foundation   |

vii) Details of related party transactions :

a) Contribution during the year ended 31 March 2024 – Nil, 31 March 2023- Nil

b) Payable as at 31 March 2024 – Nil, 31 March 2023- Nil, 01 April 2022- Nil

viii) The company has not incurred any liability by entering into a contractual obligation and accordingly has not made any provision in this regard.

### 37. Segment Reporting

The business activities of the company from which it earns revenue and incur expenses, whose operating results are regularly reviewed by the company's chief operating decision maker (CODM), to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available involve predominantly one operating segment i.e. Process and project engineering equipment.

#### Entity Wide Disclosures:-

Information concerning principal geographic areas are as follows:

#### I) Revenue by geographical market

| Particulars   | 31 March 2024  | 31 March 2023  |
|---------------|----------------|----------------|
| Within India  | 4470.93        | 3296.40        |
| Outside India | 1002.52        | 629.80         |
| <b>Total</b>  | <b>5473.45</b> | <b>3926.20</b> |

#### II) Current Assets by geographical market

| Particulars   | 31 March 2024 | 31 March 2023 | 01 April 2022 |
|---------------|---------------|---------------|---------------|
| Within India  | 864.05        | 594.40        | 416.41        |
| Outside India | 3.99          | 6.42          | 12.61         |
| <b>Total</b>  | <b>868.04</b> | <b>600.82</b> | <b>429.02</b> |

### 38. Related Party disclosures

**Spray Engineering Devices Limited**  
**Notes to the Consolidated Financial Statements**  
*(Amount in INR millions, except for share data unless otherwise stated)*

**a) Parties where control exists**

**Subsidiaries**

| Particulars                             | Principal Place of Business | Proportion of ownership interest and voting rights |               |               |
|---|-----------------------------|--|---------------|---------------|
|   |                             | 31 March 2024                                      | 31 March 2023 | 01 April 2022 |
| SED Engineers & Fabricators Pvt. Ltd.   | India                       | 100%   | 100%          | 100%          |
| Sustainable Environment Developers Ltd. | India                       | 100%   | 100%          | 100%          |

**b) Parties where significant influence exists**

| Particulars                      | Principal Place of Business | Method used to account for investments | Proportion of ownership interest and voting rights |               |               |
|----------------------------------|-----------------------------|--|--|---------------|---------------|
|                                  |                             |  | 31 March 2024                                      | 31 March 2023 | 01 April 2022 |
| IPRO Sugar Engineering Pvt. Ltd. | India                       | Cost                                   | 49.994%  | 49.994%       | 49.994%       |

**c) Other related parties**

SEDL Trust  
Spray Engineering Devices Limited-Employees Group Gratuity Trust

**d) Key management personnel & their close members of family**

|   |                   |
|---|-------------------|
| Managing Director                                   | Vivek Verma       |
| Whole-time Director                                 | Prateek Verma     |
| Nominee Director                                    | Sridhar Venkatesh |
| Independent Director                                | Ashok Kumar       |
| Independent Director                                | Tara Chand Meenia |
| Chief Financial Officer                             | Manoj Gupta       |
| Chief Compliance Officer & Company Secretary        | Rinkal Goyal      |
| Close members of family of Key management personnel | Vimarsh Verma     |

**e) Transactions with related parties have been set out below:-**

| Particulars                                      | 31 March 2024 | 31 March 2023 |
|--|---------------|---------------|
| <b>SED Engineers &amp; Fabricators Pvt. Ltd.</b> |               |               |
| Sale of Services                                 | 2.95          | -             |
| Expenses incurred and reimbursed by the company  | 1.28          | 0.58          |
| <b>Sustainable Environment Developers Ltd.</b>   |               |               |
| Sale of Services                                 | 13.33         | 15.36         |

**Spray Engineering Devices Limited**  
**Notes to the Consolidated Financial Statements**  
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|   |      |      |
|---|------|------|
| Expenses incurred and reimbursed by the company | 1.81 | 1.35 |
| <b>Vivek Verma</b>                              |      |      |
| Remuneration                                    | 5.87 | 5.28 |
| Rent Paid                                       | 0.48 | 0.40 |
| <b>Prateek Verma</b>                            |      |      |
| Remuneration                                    | 4.35 | 4.40 |
| <b>Ashok Kumar</b>                              |      |      |
| Sitting Fee                                     | 0.05 | -    |
| <b>Tara Chand Meenia</b>                        |      |      |
| Sitting Fee                                     | 0.06 | 0.07 |
| <b>Manoj Gupta</b>                              |      |      |
| Remuneration                                    | 3.93 | 3.15 |
| <b>Rinkal Goyal</b>                             |      |      |
| Remuneration                                    | 1.35 | 1.11 |
| <b>Vimarsh Verma</b>                            |      |      |
| Remuneration                                    | 1.95 | 1.76 |

f) **Balances with related parties have been set out below:-**

| Particulars   | 31 March 2024 | 31 March 2023 | 01 April 2022 |
|---|---------------|---------------|---------------|
| <b>SED Engineers &amp; Fabricators Pvt. Ltd.</b>                          |               |               |               |
| Trade Receivable  | 2.01          | 0.78          | 2.20          |
| Intercompany loan outstanding (Net of allowance for expected credit loss) | -             | -             | -             |
| <b>Sustainable Environment Developers Ltd.</b>                            |               |               |               |
| Trade Receivable  | 1.05          | 0.77          | 0.26          |
| <b>Vivek Verma</b>  |               |               |               |
| Remuneration Payable  | 0.24          | 0.37          | 0.24          |
| <b>Prateek Verma</b>  |               |               |               |
| Remuneration Payable  | 0.31          | 0.26          | 0.26          |
| <b>Manoj Gupta</b>  |               |               |               |
| Remuneration Payable  | 0.07          | 0.17          | 0.17          |
| <b>Rinkal Goyal</b>   |               |               |               |
| Remuneration Payable  | 0.12          | 0.09          | 0.06          |
| <b>Vimarsh Verma</b>  |               |               |               |
| Remuneration Payable  | 0.12          | 0.10          | 0.08          |

**Note:**

Transactions with related parties are at arm's length price and the balances receivable/payable are un-secured.

**39. Leases**

The Company classifies the lease transactions as per the requirements of IND-AS 116 "Leases". The Company applied the exemption not to recognize Right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

Depreciation charge for Right-of-use assets is included under depreciation and amortization expense in the Statement of Profit and Loss. Further, to above, the Company has certain lease arrangement on short term basis, expenditure on which has been recognized under line item "Rent" under Other expenses. The effect of adoption of Ind AS 116 'Leases' is not material on the profit before tax, profit for the year and earnings per share.

**Spray Engineering Devices Limited**  
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**Nature of leasing activity:-**

The Company has entered into lease arrangements for factory premise and plant & machinery.

The disclosure relating to leases are as summarized below:

| Particulars                                      | 31 March 2024 | 31 March 2023 |
|--|---------------|---------------|
| Depreciation for right-of-use assets             | 5.36          | 9.89          |
| Interest expense on lease liabilities            | 1.50          | 4.06          |
| Expenses relating to short-term/low value leases | 10.08         | 11.22         |
| Total cash outflow for leases                    | 8.59          | 11.64         |

Change in lease liabilities arising from financing activities:

| Particulars                             | 31 March 2024 | 31 March 2023 | 01 April 2022 |
|---|---------------|---------------|---------------|
| Opening lease liability                 | 11.15         | 83.83         | -             |
| Addition to lease liabilities           | 18.26         | 15.29         | 93.39         |
| Derecognition of lease liability        | -             | 80.39         | -             |
| Lease payments                          | 7.09          | 7.58          | 9.56          |
| Closing lease liability                 | 22.32         | 11.15         | 83.83         |
| Non-current                             | 18.04         | 5.94          | 77.84         |
| Current                                 | 4.28          | 5.21          | 5.99          |
| Maturity analysis of lease liabilities: |               |               |               |
| -less than 1 year                       | 4.28          | 5.21          | 5.99          |
| -between 1 to 3 years                   | 9.73          | 2.74          | 15.29         |
| -more than 3 years                      | 8.31          | 3.20          | 62.55         |

#### 40. Employee benefits

##### (a) Defined contribution plans

The Company has recognized INR 17.22 ( 31 March 2023:INR 13.77) towards post-employment defined contribution plans comprising provident fund and Employee state insurance scheme in the statement of profit and loss.

The amount recognized as an expense towards contribution to Provident Fund and ESI are as follows:

| Particulars      | 31 March 2024 | 31 March 2023 |
|------------------|---------------|---------------|
| Provident Fund   | 16.12         | 12.63         |
| ESI Contribution | 1.10          | 1.14          |

##### (b) Defined benefit plans

###### i) Gratuity

The Company operates a Gratuity fund trust which in turn has taken Group Gratuity cum Life Assurance policies with Life Insurance Corporation of India for all the employees. Gratuity is a post-employment benefit and is in the nature of a defined benefit plan.

The liability determined by actuarial valuation using projected unit credit method is

**Spray Engineering Devices Limited**  
**Notes to the Consolidated Financial Statements**  
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recognized in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses and past service costs. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income.

In accordance with the standard, the disclosure relating to the Company's gratuity plan are provided below: -

**Change in present value of obligations:**

| <b>Particulars</b>                                       | <b>31 March<br/>2024</b> | <b>31 March<br/>2023</b> | <b>01 April<br/>2022</b> |
|--|--------------------------|--------------------------|--------------------------|
| Present value of obligation at the beginning of the year | 35.32                    | 26.67                    | 22.62                    |
| Interest cost  | 2.55                     | 2.00                     | 1.62                     |
| Current service cost                                     | 5.92                     | 4.62                     | 3.40                     |
| Benefits Paid  | (2.27)                   | (0.87)                   | (0.22)                   |
| Actuarial (Gain)/Loss                                    | 6.10                     | 2.90                     | (0.75)                   |
| Present value of obligation at the end of the year       | 47.62                    | 35.32                    | 26.67                    |

**Change in the fair value of plan assets:**

| <b>Particulars</b>                                     | <b>31 March<br/>2024</b> | <b>31 March<br/>2023</b> | <b>01 April<br/>2022</b> |
|--|--------------------------|--------------------------|--------------------------|
| Fair value of plan assets at the beginning of the year | 0.76                     | -                        | -                        |
| Expected Interest income                               | 0.06                     | -                        | -                        |
| Contribution paid by employer                          | 1.00                     | 0.74                     | -                        |
| Benefits paid  | 0.37                     | -                        | -                        |
| Actuarial gain/(loss) on plan assets                   | -                        | -                        | -                        |
| Return on plan assets excluding interest income        | 0.03                     | 0.02                     | -                        |
| Fair value of plan assets at the end of the year       | 1.47                     | 0.76                     | -                        |

**Amount recognized in Balance sheet:**

| <b>Particulars</b>                                 | <b>31 March<br/>2024</b> | <b>31 March<br/>2023</b> | <b>01 April 2022</b> |
|--|--------------------------|--------------------------|----------------------|
| Present value of obligation at the end of the year | 47.62                    | 35.32                    | 26.67                |
| Fair value of plan assets at the end of the year   | 1.47                     | 0.76                     | -                    |
| Amount recognized in balance sheet                 | 46.15                    | 34.56                    | 26.67                |
| - Current  | 7.05                     | 3.70                     | 2.61                 |
| - Non-current                                      | 39.10                    | 30.86                    | 24.06                |

**Spray Engineering Devices Limited**  
**Notes to the Consolidated Financial Statements**  
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**Expenses recognized in the statement of profit and loss:**

| <b>Particulars</b>                            | <b>31 March 2024</b> | <b>31 March 2023</b> |
|---|----------------------|----------------------|
| Current service cost                          | 5.92                 | 4.62                 |
| Net interest cost                             | 2.50                 | 2.00                 |
| Actuarial (gain)/loss                         | -                    | -                    |
| Employer's direct benefit payment cost        | -                    | (0.87)               |
| Total expense recognized in the profit & loss | 8.42                 | 5.75                 |

**Amounts recognized in other comprehensive income:**

| <b>Particulars</b>   | <b>31 March 2024</b> | <b>31 March 2023</b> |
|--|----------------------|----------------------|
| Actuarial (Gain)/Loss on Obligations   | 6.10                 | 2.90                 |
| Return on plan assets other than amounts included in net interest cost       | (0.02)               | (0.02)               |
| Net (income)/expense for the period recognized in other comprehensive income | 6.08                 | 2.88                 |

**Principal actuarial assumptions used in determining gratuity benefit obligations are as follows:**

| <b>Particulars</b>                                | <b>31 March 2024</b> | <b>31 March 2023</b> | <b>01 April 2022</b> |
|---|----------------------|----------------------|----------------------|
| Discount rate                                     | 7.24%                | 7.50%                | 7.15%                |
| Expected rate of increase in compensation levels* | 7.00%                | 7.00%                | 7.00%                |
| Expected rate of return on plan assets            | 7.24%                | 7.50%                | -                    |
| Attrition   | 10.00%               | 10.00%               | 10.00%               |

\*The estimated rate of increase in compensation levels takes into account inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.

**ii) Leave Encashment**

The expected cost of accumulated leaves is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the amount expected to be paid/ availed as a result of the unused entitlement that has accumulated at the balance sheet date. The Company treats the accumulated leave, which is expected to be utilized or paid in next twelve months, as short-term employee benefits. The Company treats accumulated leaves expected to be carried forward beyond twelve months, as long-term employee benefits for measurement purposes. Any gains and losses on actuarial valuation are recognized as expense in the statement of profit and loss.

The disclosure relating to Leave encashment are provided below: -

**Change in present value of obligations:**

| <b>Particulars</b>             | <b>31 March 2024</b> | <b>31 March 2023</b> | <b>01 April 2022</b> |
|--------------------------------|----------------------|----------------------|----------------------|
| Present value of obligation at | 16.40                | 10.01                | 6.60                 |



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|  |        |        |        |
|--|--------|--------|--------|
| the beginning of the year                          |        |        |        |
| Interest cost                                      | 1.19   | 0.75   | 0.47   |
| Current service cost                               | 6.77   | 5.04   | 3.47   |
| Benefits Paid                                      | (5.73) | (0.26) | (0.05) |
| Actuarial (Gain)/Loss                              | (2.07) | 0.86   | (0.48) |
| Present value of obligation at the end of the year | 16.56  | 16.40  | 10.01  |

**Change in the fair value of plan assets:**

| Particulars  | 31 March 2024 | 31 March 2023 | 01 April 2022 |
|--|---------------|---------------|---------------|
| Fair value of plan assets at the beginning of the year | -             | -             | -             |
| Expected Interest income                               | -             | -             | -             |
| Contribution paid by employer                          | -             | -             | -             |
| Benefits paid  | -             | -             | -             |
| Actuarial gain/(loss) on plan assets                   | -             | -             | -             |
| Return on plan assets excluding interest income        | -             | -             | -             |
| Fair value of plan assets at the end of the year       | -             | -             | -             |

**Amount recognized in Balance sheet:**

| Particulars  | 31 March 2024 | 31 March 2023 | 01 April 2022 |
|--|---------------|---------------|---------------|
| Present value of obligation at the end of the year | 16.56         | 16.40         | 10.01         |
| Fair value of plan assets at the end of the year   | -             | -             | -             |
| Amount recognized in balance sheet                 | 16.56         | 16.40         | 10.01         |
| - Current  | 3.39          | 2.01          | 1.05          |
| - Non-current                                      | 13.17         | 14.39         | 8.96          |

**Expenses recognized in the statement of profit and loss:**

| Particulars                                   | 31 March 2024 | 31 March 2023 |
|---|---------------|---------------|
| Current service cost                          | 6.77          | 5.04          |
| Net interest cost                             | 1.19          | 0.75          |
| Actuarial (gain)/loss                         | (2.07)        | 0.86          |
| Employer's direct benefit payment cost        | -             | -             |
| Total expense recognized in the profit & loss | 5.89          | 6.65          |

**Amounts recognized in other comprehensive income:**

| Particulars                           | 31 March 2024 | 31 March 2023 |
|---------------------------------------|---------------|---------------|
| Actuarial (Gain )/Loss on Obligations | -             | -             |

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|  |   |   |
|--|---|---|
| Return on plan assets other than amounts included in net interest cost       | - | - |
| Net (income)/expense for the period recognized in other comprehensive income | - | - |

**Principal actuarial assumptions used in determining leave encashment obligations are as follows:**

| Particulars                                       | 31 March 2024 | 31 March 2023 | 01 April 2022 |
|---|---------------|---------------|---------------|
| Discount rate                                     | 7.24%         | 7.50%         | 7.15%         |
| Expected rate of increase in compensation levels* | 7.00%         | 7.00%         | 7.00%         |
| Attrition   | 10.00%        | 10.00%        | 10.00%        |

\*The estimated rate of increase in compensation levels takes into account inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.

**41. Fair Value measurements**

**Financial instruments by category**

| Particulars                        | Amortised cost |                |               | FVTPL         |               |               |
|------------------------------------|----------------|----------------|---------------|---------------|---------------|---------------|
|                                    | 31 March 2024  | 31 March 2023  | 01 April 2022 | 31 March 2024 | 31 March 2023 | 01 April 2022 |
| <b>Financial assets</b>            |                |                |               |               |               |               |
| Investments in mutual fund         | -              | -              | -             | 4.10          | 2.10          | -             |
| Other investments                  | 0.25           | 0.25           | 0.25          | -             | -             | -             |
| Trade Receivables                  | 868.04         | 600.82         | 429.02        | -             | -             | -             |
| Others                             | 5.53           | 28.11          | 33.00         | -             | -             | -             |
| Cash & Cash Equivalents            | 4.10           | 14.07          | 16.60         | -             | -             | -             |
| Bank Balance                       | 112.28         | 105.35         | 62.20         | -             | -             | -             |
| <b>Total Financial assets</b>      | <b>990.20</b>  | <b>748.60</b>  | <b>541.07</b> | <b>4.10</b>   | <b>2.10</b>   | <b>0.00</b>   |
| <b>Financial liabilities</b>       |                |                |               |               |               |               |
| Borrowings                         | 752.53         | 588.05         | 193.90        | -             | -             | -             |
| Trade Payable                      | 560.03         | 412.76         | 339.76        | -             | -             | -             |
| Lease Liability                    | 22.32          | 11.15          | 83.83         | -             | -             | -             |
| <b>Total Financial liabilities</b> | <b>1334.88</b> | <b>1011.96</b> | <b>617.49</b> | <b>-</b>      | <b>-</b>      | <b>-</b>      |

**(i) Fair value hierarchy**

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at

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amortised cost and for which fair values are disclosed in financial statements. To provide an indication about the reliability of inputs used in determining fair values, the Company has classified its financial instruments into three levels prescribed under the accounting standards.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following table provides the fair value measurement hierarchy of the Company's asset and liabilities, grouped into Level1 to Level 3 as described below :-

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

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

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

| Particulars  | Fair value measurements using |   |   |   |
|--|-------------------------------|---|---|---|
|  | Carrying value 31 March 2024  | Quoted price in active market (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| <b>Financial Assets &amp; liabilities at fair value through profit or loss</b> |                               |   |   |   |
| <b>Financial Assets:</b>   |                               |   |   |   |
| Investments in mutual funds  | 4.10                          | 4.10                                    | -                                       | -   |
| <b>Total</b>   | <b>4.10</b>                   | <b>4.10</b>                             | <b>-</b>                                | <b>-</b>                                  |
| <b>Financial liabilities:</b>  |                               |   |   |   |
| -  | -                             | -                                       | -                                       | -   |
| <b>Total</b>   | <b>-</b>                      | <b>-</b>                                | <b>-</b>                                | <b>-</b>                                  |
| <b>Financial Assets &amp; liabilities at amortised cost</b>                    |                               |   |   |   |
| <b>Financial Assets:</b>   |                               |   |   |   |
| Security Deposit   | 3.65                          | -                                       | 3.65                                    | -   |
| <b>Total</b>   | <b>3.65</b>                   | <b>-</b>                                | <b>3.65</b>                             | <b>-</b>                                  |
| <b>Financial liabilities:</b>  |                               |   |   |   |
| Long-term borrowings   | 257.03                        | -                                       | 257.03                                  | -   |
| Lease liabilities  | 22.32                         | -                                       | 22.32                                   | -   |
| Short-term borrowings  | 495.50                        | -                                       | 495.50                                  | -   |
| <b>Total</b>   | <b>774.85</b>                 | <b>-</b>                                | <b>774.85</b>                           | <b>-</b>                                  |

| Particulars                                       | Fair value measurements using |   |   |   |
|---|-------------------------------|---|---|---|
|   | Carrying value 31 March 2023  | Quoted price in active market (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| <b>Financial Assets &amp; liabilities at fair</b> |                               |   |   |   |

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|   |               |             |               |          |
|---|---------------|-------------|---------------|----------|
| <b>value through profit or loss</b>                         |               |             |               |          |
| <b>Financial Assets:</b>                                    |               |             |               |          |
| Investments in mutual funds                                 | 2.10          | 2.10        | -             | -        |
| <b>Total</b>  | <b>2.10</b>   | <b>2.10</b> | <b>-</b>      | <b>-</b> |
| <b>Financial liabilities:</b>                               |               |             |               |          |
| -   | -             | -           | -             | -        |
| <b>Total</b>  | <b>-</b>      | <b>-</b>    | <b>-</b>      | <b>-</b> |
| <b>Financial Assets &amp; liabilities at amortised cost</b> |               |             |               |          |
| <b>Financial Assets:</b>                                    |               |             |               |          |
| Security Deposit  | 1.25          | -           | 1.25          | -        |
| <b>Total</b>  | <b>1.25</b>   | <b>-</b>    | <b>1.25</b>   | <b>-</b> |
| <b>Financial liabilities:</b>                               |               |             |               |          |
| Long-term borrowings  | 268.01        | -           | 268.01        | -        |
| Lease liabilities   | 11.15         | -           | 11.15         | -        |
| Short-term borrowings                                       | 320.04        | -           | 320.04        | -        |
| <b>Total</b>  | <b>599.20</b> | <b>-</b>    | <b>599.20</b> | <b>-</b> |

| Particulars  | Fair value measurements using |   |   |   |
|--|-------------------------------|---|---|---|
|  | Carrying value 01 April 2022  | Quoted price in active market (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| <b>Financial Assets &amp; liabilities at fair value through profit or loss</b> |                               |   |   |   |
| <b>Financial Assets:</b>   |                               |   |   |   |
| Investments in mutual funds  | -                             | -                                       | -                                       | -   |
| <b>Total</b>   | <b>-</b>                      | <b>-</b>                                | <b>-</b>                                | <b>-</b>                                  |
| <b>Financial liabilities:</b>  |                               |   |   |   |
| -  | -                             | -                                       | -                                       | -   |
| <b>Total</b>   | <b>-</b>                      | <b>-</b>                                | <b>-</b>                                | <b>-</b>                                  |
| <b>Financial Assets &amp; liabilities at amortised cost</b>                    |                               |   |   |   |
| <b>Financial Assets:</b>   |                               |   |   |   |
| Security Deposit   | -                             | -                                       | -                                       | -   |
| <b>Total</b>   | <b>-</b>                      | <b>-</b>                                | <b>-</b>                                | <b>-</b>                                  |
| <b>Financial liabilities:</b>  |                               |   |   |   |
| Long-term borrowings   | 61.61                         | -                                       | 61.61                                   | -   |
| Lease liabilities  | 83.83                         | -                                       | 83.83                                   | -   |
| Short-term borrowings  | 132.28                        | -                                       | 132.28                                  | -   |
| <b>Total</b>   | <b>277.72</b>                 | <b>-</b>                                | <b>277.72</b>                           | <b>-</b>                                  |

(ii) **Valuation techniques used to determine fair values**

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and

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liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Specific valuation technique used to value financial instrument includes:

- > the use of quoted market prices or dealer quotes for similar financial instruments.
- > the fair value of financial assets and liabilities at amortised cost is determined using discounted cash flow analysis

The following method and assumptions are used to estimate fair values:

The carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents, short term deposits etc. are considered to be their fair value, due to their short term nature.

Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. For borrowings fair value is determined by using the discounted cash flow (DCF) method using discount rate that reflects the issuer's borrowings rate. Risk of non performance for the company is considered to be insignificant in valuation.

Financial assets and liabilities measured at fair value and the carrying amount is the fair value.

#### 42. Financial Risk Management

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to manage finances for the Company's operations. The Company's principal financial assets include trade and other receivables and cash and cash equivalents that arise directly from its operations.

The Company's risk management is carried out by management under policies approved by the Board of Directors from time to time. Company's treasury identifies, evaluates and hedges financial risks in close co-operation with the various stakeholders. The Board of Directors approves written principles for overall financial risk management, as well as written policies covering specific areas, such as credit risk, use of derivative financial instruments and non-derivative financial instruments.

The Company's activities are exposed to Market risk, Credit risk and Liquidity risk. These risks are managed pro-actively by the Senior Management of the Company, duly supported by various Groups and Committees.

##### (A) Credit Risk

Credit risk arises from the possibility that the counterparty will default on its contractual obligations resulting in financial loss to the company. To manage this, the Company periodically assesses the financial reliability of customers, considering the financial conditions, current economic trends, and analysis of historical bad debts and ageing of accounts receivable.

The Company considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period.

To assess whether there is significant increase in credit risk, it considers reasonable and supportive forward-looking information such as:

- (i) Actual or expected significant adverse changes in business.
- (ii) Actual or expected significant changes in the operating results of the counterparty.
- (iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligation
- (iv) Significant increase in credit risk and other financial instruments of the same counterparty

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- (v) Significant changes in the value of collateral supporting the obligation or in the quality of third party guarantees or credit enhancements

The Company's major exposure is from trade receivables, which are unsecured and contractually due from external customers. Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by domestic credit rating agencies.

**(B) Liquidity Risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligation on time or at a reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risk are overseen by senior management. Management monitors the Company's net liquidity position through rolling, forecast on the basis of expected cash flows.

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

| <b>31 March 2024</b>                     | <b>0-1 Years</b> | <b>1-5 Years</b> | <b>More than 5 Years</b> | <b>Total</b>   |
|--|------------------|------------------|--------------------------|----------------|
| <b>Interest bearing borrowings:</b>      |                  |                  |                          |                |
| Working Capital Limits                   | 495.50           | -                | -                        | 495.50         |
| Term Loan                                | 47.03            | 144.87           | 67.25                    | 259.15         |
| Lease Liability including Finance Charge | 5.98             | 20.76            | -                        | 26.74          |
| <b>Non-Interest bearing borrowings:</b>  |                  |                  |                          |                |
| Trade and Other payable                  | 560.03           | -                | -                        | 560.03         |
| <b>% to Total</b>                        | <b>82.64%</b>    | <b>12.35%</b>    | <b>5.01%</b>             | <b>100.00%</b> |
|  |                  |                  |                          |                |
| <b>31 March 2023</b>                     | <b>0-1 Years</b> | <b>1-5 Years</b> | <b>More than 5 Years</b> | <b>Total</b>   |
| <b>Interest bearing borrowings:</b>      |                  |                  |                          |                |
| Working Capital Limits                   | 318.80           | -                | -                        | 318.80         |
| Term Loan                                | 45.95            | 140.35           | 85.73                    | 272.03         |
| Lease Liability including Finance Charge | 5.74             | 6.91             | -                        | 12.65          |
| <b>Non-Interest bearing borrowings:</b>  |                  |                  |                          |                |
| Trade and Other payable                  | 412.76           | -                | -                        | 412.76         |
| <b>% to Total</b>                        | <b>77.07%</b>    | <b>14.49%</b>    | <b>8.44%</b>             | <b>100.00%</b> |
|  |                  |                  |                          |                |
| <b>01 April 2022</b>                     | <b>0-1 Years</b> | <b>1-5 Years</b> | <b>More than 5 Years</b> | <b>Total</b>   |
| <b>Interest bearing borrowings:</b>      |                  |                  |                          |                |
| Working Capital Limits                   | 131.13           | -                | -                        | 131.13         |
| Term Loan                                | 17.53            | 45.24            | -                        | 62.77          |
| Lease Liability including Finance Charge | 16.00            | 53.40            | 47.61                    | 117.01         |
| <b>Non-Interest bearing borrowings:</b>  |                  |                  |                          |                |
| Trade and Other payable                  | 339.76           | -                | -                        | 339.76         |
| <b>% to Total</b>                        | <b>77.52%</b>    | <b>15.16%</b>    | <b>7.32%</b>             | <b>100.00%</b> |

**(C) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity risk.

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Financial instruments affected by market risk include loans and borrowings, deposits and investments.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk mainly through its sales to overseas customers and purchases from overseas suppliers in foreign currencies.

Foreign currency exposure:

| <b>FY</b>            | <b>Particulars</b> | <b>Currency</b> | <b>Amount in Foreign currency</b> | <b>Amount in INR</b> |
|----------------------|--------------------|-----------------|-----------------------------------|----------------------|
| <b>31 March 2024</b> | Trade receivables  | USD             | 48493                             | 3.99                 |
|                      | Trade Payables     | USD             | 654913                            | 55.01                |
|                      |                    | EURO            | 12349                             | 1.14                 |
| <b>31 March 2023</b> | Trade receivables  | USD             | 78311                             | 6.42                 |
|                      | Trade Payables     | USD             | 715136                            | 59.86                |
|                      |                    | EURO            | 9375                              | 0.84                 |
| <b>01 April 2022</b> | Trade receivables  | USD             | 167726                            | 12.61                |
|                      | Trade Payables     | USD             | -                                 | -                    |
|                      |                    | EURO            | -                                 | -                    |

(ii) Interest rate risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligation at floating interest rates which is not material.

(iii) Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of raw material and therefore requires a continuous supply. The Company operations may impact due to changes in prices of those raw materials.

### **43. Capital Management**

The Company's objective when managing capital are to

- Safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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Consistent with others in the industry, the Company monitors capital on the basis of following gearing ratio :Net debt (total borrowing net of cash and cash equivalents) divided by total equity .

| <b>Particulars</b>                       | <b>31 March 2024</b> | <b>31 March 2023</b> | <b>01 April 2022</b> |
|--|----------------------|----------------------|----------------------|
| Total Borrowings                         | 752.53               | 588.05               | 193.90               |
| Less: Cash and Cash equivalents          | 4.10                 | 14.07                | 16.60                |
| <b>Net Debt (A)</b>                      | <b>756.63</b>        | <b>602.12</b>        | <b>210.50</b>        |
| Equity share capital                     | 225.87               | 225.87               | 225.87               |
| Other equity                             | 1006.92              | 483.22               | 139.93               |
| <b>Total Equity (B)</b>                  | <b>1232.79</b>       | <b>709.09</b>        | <b>365.80</b>        |
| <b>Total Equity and net debt (C=A+B)</b> | <b>1989.42</b>       | <b>1311.21</b>       | <b>576.30</b>        |
| <b>Gearing ratio (Times) (A/C)</b>       | <b>0.38</b>          | <b>0.46</b>          | <b>0.37</b>          |

#### 44. Provisions, Contingent liabilities and contingent assets (IND AS 37)

##### Provision for warranties

Provision is made for the estimated warranty claims and after sales services in respect of products sold based on the historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

Movement in provision for warranty:

| <b>Particulars</b>                        | <b>31 March 2024</b> | <b>31 March 2023</b> | <b>01 April 2022</b> |
|---|----------------------|----------------------|----------------------|
| Balance at the beginning of the year      | 7.55                 | 4.97                 | 3.26                 |
| Additional provision made during the year | 17.72                | 4.41                 | 5.10                 |
| Amount used during the year               | 18.94                | 1.83                 | 3.39                 |
| Balance at the end of the year            | 6.33                 | 7.55                 | 4.97                 |

##### Provision for performance

Provision is made for the estimated performance claims in respect of products sold based on the historical claim information and any recent trends that may suggest future claims could differ from historical amounts.

Movement in provision for performance:

| <b>Particulars</b>                        | <b>31 March 2024</b> | <b>31 March 2023</b> | <b>01 April 2022</b> |
|---|----------------------|----------------------|----------------------|
| Balance at the beginning of the year      | 8.32                 | 8.64                 | 4.48                 |
| Additional provision made during the year | 53.17                | -                    | 8.65                 |
| Amount used during the year               | 50.68                | 0.32                 | 4.49                 |



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|                                |       |      |      |
|--------------------------------|-------|------|------|
| Balance at the end of the year | 10.81 | 8.32 | 8.64 |
|--------------------------------|-------|------|------|

#### 45. Other Regulatory information

- (i) The Group neither have any Benami property, nor any proceeding has been initiated or pending against the Group for holding any Benami property under the Benami transactions(Prohibitions) Act,1988.
- (ii) The Group has not entered into any transactions with companies struck off under section 248 of the Companies Act,2013.
- (iii) The Group does not have any charges or satisfaction which is yet to be registered with Registrar Of Companies (ROC)beyond the statutory period.
- (iv) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Group has not advanced or loaned or invested funds in any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- (vi) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - a. 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
  - b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (vii) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (viii) There is no Immovable Properties Title deeds of those are not held in the name of the Group.
- (ix) The Group has no investment property and accordingly its fair valuation is not required at year end.
- (x) No revaluation of Property, Plant & Equipment (Including ROU) & Intangible assets has been carried out during the year.
- (xi) The Group has not granted loans or advances in the nature of loans to promoters, directors, KMPs and the related parties, either severally or jointly with any other person, that are :

## **Spray Engineering Devices Limited**

### **Notes to the Consolidated Financial Statements**

*(Amount in INR millions, except for share data unless otherwise stated)*

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- (a) repayable on demand; or
- (b) without specifying any terms or period of repayment.

- (xii) The Group has not defaulted on loan from any bank or financial Institution or other lender
- (xiii) Compliance with approved Scheme(s) on the basis of security of current assets - Not Applicable
- (xiv) The Group has borrowings from banks, secured by hypothecation of inventories and by a charge on book debts and other assets of the Group, and quarterly returns or statements of current assets filed by the Group with banks are in agreement with the books of accounts without any material discrepancies.
- (xv) The Group is not declared wilful defaulter by any bank or financial institution or other lender.
- (xvi) The Company has complied with number of layers prescribed under clause (87) of Section 2 of the Act read with Companies (restriction on number of layers) Rules, 2017.
- (xvii) The Group has used the borrowings from bank for specific purpose for which it was taken at the balance sheet date.

**Spray Engineering Devices Limited**  
**Notes to the Consolidated Financial Statements**

(Amount in INR millions, except for share data unless otherwise stated)

46. Additional information pursuant to General instructions for the preparation of Consolidated financial statements as per Schedule III of the Companies Act, 2013

**31 March 2024**

| Name of the Entity                          | Net assets (Total assets minus Total liabilities) |                | Share in profit or loss             |               | Share in other comprehensive income             |               | Share in total comprehensive income             |               |
|---|---|----------------|-------------------------------------|---------------|---|---------------|---|---------------|
|   | As % of consolidated net assets                   | Amount         | As % of consolidated profit or loss | Amount        | As % of consolidated other comprehensive income | Amount        | As % of consolidated total comprehensive income | Amount        |
| <b>Parent</b>                               |   |                |                                     |               |   |               |   |               |
| Spray Engineering devices Limited           | 100.94%   | 1244.44        | 99.72%                              | 530.05        | 100.00%   | (7.85)        | 99.72%  | 522.20        |
| <b>Subsidiaries</b>                         |   |                |                                     |               |   |               |   |               |
| SED Engineers & Fabricators Private Limited | -6.87%  | (84.76)        | 0.13%                               | 0.70          | -   | -             | 0.13%   | 0.70          |
| Sustainable Environment Developers Limited  | 0.36%   | 4.47           | 0.15%                               | 0.80          | -   | -             | 0.15%   | 0.80          |
| <b>Consolidation adjustments</b>            | 5.57%   | 68.64          | -                                   | -             | -   | -             | -   | -             |
| <b>Total</b>                                | <b>100.00%</b>                                    | <b>1232.79</b> | <b>100.00%</b>                      | <b>531.55</b> | <b>100.00%</b>                                  | <b>(7.85)</b> | <b>100.00%</b>                                  | <b>523.70</b> |

**31 March 2023**

| Name of the Entity                          | Net assets (Total assets minus Total liabilities) |               | Share in profit or loss             |               | Share in other comprehensive income             |               | Share in total comprehensive income             |               |
|---|---|---------------|-------------------------------------|---------------|---|---------------|---|---------------|
|   | As % of consolidated net assets                   | Amount        | As % of consolidated profit or loss | Amount        | As % of consolidated other comprehensive income | Amount        | As % of consolidated total comprehensive income | Amount        |
| <b>Parent</b>                               |   |               |                                     |               |   |               |   |               |
| Spray Engineering devices Limited           | 101.85%   | 722.24        | 98.93%                              | 343.48        | 100.00%   | (3.72)        | 98.91%  | 339.76        |
| <b>Subsidiaries</b>                         |   |               |                                     |               |   |               |   |               |
| SED Engineers & Fabricators Private Limited | -12.05%   | (85.45)       | 0.59%                               | 2.05          | -   | -             | 0.60%   | 2.05          |
| Sustainable Environment Developers Limited  | 0.52%   | 3.66          | 0.48%                               | 1.68          | -   | -             | 0.49%   | 1.68          |
| <b>Consolidation adjustments</b>            | 9.68%   | 68.64         | -                                   | -             | -   | -             | -   | -             |
| <b>Total</b>                                | <b>100.00%</b>                                    | <b>709.09</b> | <b>100.00%</b>                      | <b>347.21</b> | <b>100.00%</b>                                  | <b>(3.72)</b> | <b>100.00%</b>                                  | <b>343.49</b> |

**01 April 2022**

| Name of the Entity                          | Net assets (Total assets minus Total liabilities) |               | Share in profit or loss             |               | Share in other comprehensive income             |             | Share in total comprehensive income             |               |
|---|---|---------------|-------------------------------------|---------------|---|-------------|---|---------------|
|   | As % of consolidated net assets                   | Amount        | As % of consolidated profit or loss | Amount        | As % of consolidated other comprehensive income | Amount      | As % of consolidated total comprehensive income | Amount        |
| <b>Parent</b>                               |   |               |                                     |               |   |             |   |               |
| Spray Engineering devices Limited           | 104.56%   | 382.48        | 98.16%                              | 149.12        | 100.00%   | 0.75        | 98.16%  | 149.87        |
| <b>Subsidiaries</b>                         |   |               |                                     |               |   |             |   |               |
| SED Engineers & Fabricators Private Limited | -23.86%   | (87.30)       | 1.00%                               | 1.52          | -   | -           | 1.00%   | 1.52          |
| Sustainable Environment Developers Limited  | 0.54%   | 1.98          | 0.84%                               | 1.28          | -   | -           | 0.84%   | 1.28          |
| <b>Consolidation adjustments</b>            | 18.76%  | 68.64         | -                                   | -             | -   | -           | -   | -             |
| <b>Total</b>                                | <b>100.00%</b>                                    | <b>365.80</b> | <b>100.00%</b>                      | <b>151.92</b> | <b>100.00%</b>                                  | <b>0.75</b> | <b>100.00%</b>                                  | <b>152.67</b> |

**Spray Engineering Devices Limited**  
**Notes to the Consolidated Financial Statements**  
*(Amount in INR millions, except for share data unless otherwise stated)*

**47. Ratio Analysis**

**a) Current Ratio = Current Assets divided by the Current Liabilities**

| Particulars             | 31 March 2024 | 31 March 2023 | Variance in ratio (in %) |
|-------------------------|---------------|---------------|--------------------------|
| Current Assets          | 2045.57       | 1878.79       |                          |
| Current Liabilities     | 1477.76       | 1656.97       |                          |
| <b>Ratio (in times)</b> | <b>1.38</b>   | <b>1.13</b>   | <b>22.12%</b>            |

**b) Debt Equity Ratio = Total debt divided by total equity where total debt refer to sum of current and non-current borrowings**

| Particulars             | 31 March 2024 | 31 March 2023 | Variance in ratio (in %) |
|-------------------------|---------------|---------------|--------------------------|
| Current borrowings      | 542.60        | 363.51        |                          |
| Non-current borrowings  | 209.93        | 224.54        |                          |
| Total Debt              | 752.53        | 588.05        |                          |
| Total Equity            | 1232.79       | 709.09        |                          |
| <b>Ratio (in times)</b> | <b>0.61</b>   | <b>0.83</b>   | <b>-26.51%</b>           |

There is decrease in debt-equity ratio due to substantial increase in total equity as compared to increase in debt liabilities.

**c) Debt service coverage ratio = Earning available for debt service divided by interest and principal repayments**

| Particulars  | 31 March 2024 | 31 March 2023 | Variance in ratio (in %) |
|--|---------------|---------------|--------------------------|
| Profit after tax                                       | 531.55        | 347.21        |                          |
| Add: Non-cash operating expenses and Interest expenses |               |               |                          |
| Depreciation and amortization expense                  | 49.30         | 38.52         |                          |
| Interest on term loans                                 | 28.34         | 11.96         |                          |
| <b>Earning available for debt service</b>              | <b>609.19</b> | <b>397.69</b> |                          |
| Interest on term loans                                 | 28.34         | 11.96         |                          |
| Principal repayments                                   | 18.60         | 24.30         |                          |
| Total Interest and principal repayments                | 46.94         | 36.26         |                          |
| <b>Ratio (in times)</b>                                | <b>12.98</b>  | <b>10.97</b>  | <b>18.32%</b>            |

**d) Return on equity ratio = Profit after tax divided by Average equity**

| Particulars                                   | 31 March 2024 | 31 March 2023 | Variance in ratio (in %) |
|---|---------------|---------------|--------------------------|
| Profit after tax                              | 531.55        | 347.21        |                          |
| Total equity at the beginning of the year (A) | 709.09        | 365.80        |                          |
| Total equity at the end of the year (B)       | 1232.79       | 709.09        |                          |
| Average Equity (C = (A+B)/2)                  | 970.94        | 537.44        |                          |
| <b>Ratio (in %)</b>                           | <b>54.75</b>  | <b>64.60</b>  | <b>-9.85%</b>            |

**e) Inventory turnover ratio = Cost of goods sold divided by average inventory**

| Particulars                                | 31 March 2024 | 31 March 2023 | Variance in ratio (in %) |
|--|---------------|---------------|--------------------------|
| Cost of goods sold                         | 3467.82       | 2469.82       |                          |
| Inventory at the beginning of the year (A) | 778.93        | 662.26        |                          |
| Inventory at the end of the year (B)       | 760.51        | 778.93        |                          |
| Average Inventory (C = (A+B)/2)            | 769.72        | 720.59        |                          |
| <b>Ratio (in times)</b>                    | <b>4.51</b>   | <b>3.43</b>   | <b>31.49%</b>            |

There is an increase in inventory turnover ratio due to substantial increase in sales of the company.

**f) Trade Receivables turnover ratio = Revenue from operations divided by average trade receivables**

| Particulars  | 31 March 2024 | 31 March 2023 | Variance in ratio (in %) |
|--|---------------|---------------|--------------------------|
| Revenue from operations                            | 5473.45       | 3926.20       |                          |
| Trade receivables at the beginning of the year (A) | 600.82        | 429.02        |                          |
| Trade receivables at the end of the year (B)       | 868.04        | 600.82        |                          |

**Spray Engineering Devices Limited**  
**Notes to the Consolidated Financial Statements**  
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|  |             |             |               |
|--|-------------|-------------|---------------|
| Average trade receivables (C =(A+B)/2) | 734.43      | 514.92      |               |
| <b>Ratio (in times)</b>                | <b>7.45</b> | <b>7.62</b> | <b>-2.23%</b> |

**g) Trade Payables turnover ratio = Total of purchase and other expenses divided by average trade payables**

| Particulars                                     | 31 March 2024 | 31 March 2023 | Variance in ratio (in %) |
|---|---------------|---------------|--------------------------|
| Purchase of Raw material (A)                    | 3450.04       | 2581.59       |                          |
| Other expenses* (B)                             | 623.28        | 410.38        |                          |
| Total of purchase and other expenses (C=A+B)    | 4073.32       | 2991.97       |                          |
| Trade payables at the beginning of the year (D) | 412.76        | 339.76        |                          |
| Trade payables at the end of the year (E)       | 560.03        | 412.76        |                          |
| Average trade payables (F =(D+E)/2)             | 486.39        | 376.26        |                          |
| <b>Ratio (in times)</b>                         | <b>8.37</b>   | <b>7.95</b>   | <b>5.28%</b>             |

\*Other expenses exclude CSR expenditure, loss on sale of property, plant & equipment and bad debts written off as the aforesaid expenses are not related to trade payables

**h) Net Capital turnover ratio =Revenue from operations divided by working capital whereas working capital = current assets - current liabilities**

| Particulars             | 31 March 2024 | 31 March 2023 | Variance in ratio (in %) |
|-------------------------|---------------|---------------|--------------------------|
| Revenue from operations | 5473.45       | 3926.20       |                          |
| Current Assets (A)      | 2045.57       | 1878.79       |                          |
| Current Liabilities (B) | 1477.76       | 1656.97       |                          |
| Working capital (C=A-B) | 567.81        | 221.82        |                          |
| <b>Ratio (in times)</b> | <b>9.64</b>   | <b>17.70</b>  | <b>-45.59%</b>           |

Net capital turnover ratio has decreased due to higher increase in working capital as compared to increase in revenue from operations.

**i) Net Profit ratio =Profit after tax divided by Revenue from operations**

| Particulars             | 31 March 2024 | 31 March 2023 | Variance in ratio (in %) |
|-------------------------|---------------|---------------|--------------------------|
| Profit after tax        | 531.55        | 347.21        |                          |
| Revenue from operations | 5473.45       | 3926.20       |                          |
| <b>Ratio (in %)</b>     | <b>9.71</b>   | <b>8.84</b>   | <b>0.87%</b>             |

**j) Return on capital employed =Earning before interest and tax (EBIT) divided by capital employed**

| Particulars                         | 31 March 2024  | 31 March 2023  | Variance in ratio (in %) |
|-------------------------------------|----------------|----------------|--------------------------|
| Profit before tax (A)               | 743.35         | 469.35         |                          |
| Finance cost (B)                    | 98.91          | 80.71          |                          |
| Other income (C )                   | 9.34           | 21.18          |                          |
| <b>EBIT(D=A+B-C)</b>                | <b>832.92</b>  | <b>528.88</b>  |                          |
| Total assets (E )                   | 3021.83        | 2641.79        |                          |
| Total Liabilities (F)               | 1789.03        | 1932.70        |                          |
| Intangible assets (G)               | 14.72          | 7.59           |                          |
| <b>Tangible net worth (H=E-F-G)</b> | <b>1218.08</b> | <b>701.50</b>  |                          |
| Current borrowings (I)              | 542.60         | 363.51         |                          |
| Non-current borrowings (J)          | 209.93         | 224.54         |                          |
| <b>Total Debts (K=I+J)</b>          | <b>752.53</b>  | <b>588.05</b>  |                          |
| Deferred tax liabilities (net) (L)  | 31.04          | 0.00           |                          |
| Deferred tax assets (net) (M)       | 0.00           | 31.23          |                          |
| <b>Capital employed (N=H+K+L-M)</b> | <b>2001.65</b> | <b>1258.32</b> |                          |
| <b>Ratio (in %)</b>                 | <b>41.61</b>   | <b>42.03</b>   | <b>-0.42%</b>            |

**k) Return on investments = Income generated from investments divided by time weighted average investments**

| Particulars                       | 31 March 2024 | 31 March 2023 | Variance in ratio (in %) |
|-----------------------------------|---------------|---------------|--------------------------|
| Income generated from investments | -             | -             |                          |
| Investments                       | 0.25          | 0.25          |                          |

**Spray Engineering Devices Limited**  
**Notes to the Consolidated Financial Statements**  
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**Ratio (in %)**

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#### **48. First time adoption**

The restated consolidated statement of assets and liabilities of the Group as at 31 March 2024 and the restated consolidated statement of profit and loss, the restated consolidated statement of changes in equity and the restated consolidated statement of cash flows for the year ended 31 March 2024 and restated other financial information has been prepared under Indian Accounting Standards ('Ind AS') notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Rules, 2016 and other relevant provisions of the Act, to the extent applicable.

For the purpose of Restated Consolidated Financial Information for the years ended 31 March 2023 and 31 March 2022, the Group has followed the same accounting policy and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on transition date i.e. 01 April 2022. Accordingly, suitable restatement adjustments (both re-measurements and reclassifications) in the accounting heads are made to the Proforma Ind AS Restated Consolidated Financial Information as of and for the years ended 31 March 2023 and 31 March 2022 following accounting policies and accounting policy choices (both mandatory exceptions and optional exemptions) consistent with that used at the date of transition to Ind AS (i.e. 01 April 2022).

#### **I. Exemptions applied**

##### **1. Mandatory exception:**

##### **a) Estimates**

On assessment of the estimates made under the previous GAAP financial statements, the Group has concluded that there is no necessity to revive the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date. Key estimates considered in preparation of financial statements that were not required under the previous GAAP are listed below:

- Determination of the discounted value for financial instruments carried at amortized cost
- Impairment of financial assets based on the expected credit loss model.

##### **b) Classification and measurement of financial assets**

IND AS 101 required an entity to assess classification of financial assets on the basis of facts and circumstances existing as at the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortized cost has been done retrospectively except where the same is impracticable.

##### **2. Optional Exemptions**

##### **a) Deemed cost for property, plant and equipment**

## Spray Engineering Devices Limited

### Notes to the Consolidated Financial Statements

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Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial Statement as at the date of transition to Ind-AS, measured as per previous GAAP and used that as its deemed cost as at the date of transition after making necessary adjustment for decommissioning liabilities. Accordingly, the company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value as at transition date 1 April 2022. For the purpose of financial statements for the year ended 31 March 2024, 31 March 2023 and 1 April 2022 the Company has provided the depreciation based on the estimated useful life of respective years.

#### b) Leases

The Group has adopted Ind AS 116 by applying exemption provided under Ind AS 101. Following approach is followed on transition date (1 April 2022) when applying Ind AS 116 initially.

- (i) Lease liability is recognized, for leases which were previously classified as operating leases by measuring the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.
- (ii) A right of use assets is recognized at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the Statement of assets and liabilities immediately before the date of initial application.

The Company also applied the available practical expedients wherein it:

- a. Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- b. Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.
- c. Excluded the initial direct costs from the measurement of the right of use asset at the date of initial application.

## II. Reconciliation of total equity between previous GAAP and Ind AS

| Particulars  | Notes | 31 March 2023 | 01 April 2022 |
|--|-------|---------------|---------------|
| <b>Total equity reported earlier under previous GAAP</b>         |       | <b>705.97</b> | <b>372.01</b> |
| (i) Ind AS adjustments   |       |               |               |
| - Adjustment of opening balance of other equity                  |       | (6.21)        |               |
| - Prior Period errors  | a     | 1.06          | -             |
| - Leases   | b     | (2.22)        | (4.37)        |
| - Financial assets measured at Fair Value                        |       | 0.10          | -             |
| - Adjustment for Associate's share of accumulated reserves       |       | -             | (1.84)        |
| - Adjustment for Associate's share of current year loss          |       | 0.02          | -             |
| - Gain on De-recognition of Financial Liability                  |       | 6.73          | -             |
| - Adjustment for Effective interest rate adjustment on borrowing | c     | 2.78          | -             |
| - Tax adjustments  | d     | 0.84          | -             |

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|                                   |  |               |               |
|-----------------------------------|--|---------------|---------------|
| (ii) Restatement adjustments      |  | 0.02          | -             |
| <b>Total equity as per Ind AS</b> |  | <b>709.09</b> | <b>365.80</b> |

**III. Reconciliation of total comprehensive income between previous GAAP and Ind AS**

| Particulars  | Notes | 31 March 2023 | 01 April 2022 |
|--|-------|---------------|---------------|
| <b>Profit for the year reported earlier under previous GAAP</b>  |       | <b>333.96</b> | <b>153.25</b> |
| (i) Ind AS adjustments   |       |               |               |
| - Prior Period Errors  | a     | 1.26          | 3.69          |
| - Leases   | b     | (2.22)        | (4.37)        |
| - Financial assets measured at Fair Value                        |       | 0.10          | -             |
| - Gain on De-recognition of Financial Liability                  |       | 6.73          | -             |
| - Adjustment for Effective interest rate adjustment on borrowing | c     | 2.78          | -             |
| - Adjustment for Associate's share of current year loss          |       | 0.02          | 0.10          |
| - Remeasurement of defined benefit plan reclassified to OCI      |       | 2.88          | (0.75)        |
| Decrease in Deferred Tax Expenses due to Ind AS Adjustments      | d     | 0.84          | -             |
| Tax Effect of OCI Items  |       | 0.84          | -             |
| (ii) Restatement adjustments                                     | e     | 0.02          | -             |
| <b>Profit for the year reported earlier under Ind AS</b>         |       | <b>347.21</b> | <b>151.92</b> |
| Other comprehensive income                                       |       | (2.88)        | 0.75          |
| - Tax adjustments  |       | (0.84)        | -             |
| <b>Total comprehensive Income as reported under Ind AS</b>       |       | <b>343.49</b> | <b>152.67</b> |

**IV. Notes to first time adoption**

**(a) Prior period errors**

The Company has certain Expenses which were not accounted in the year when the expense / restatement was incurred. During the current year on transition to IND AS, the Company has rectified these errors by restating the balances to the respective year in which they were incurred. The summary of the adjustments have been summarized in the table below:-

| The impact arising from the change is as follows: | Increase/ (decrease) |               |
|---|----------------------|---------------|
| Restated Statement of Profit and Loss             | 31 March 2023        | 01 April 2022 |
| Interest Expense Capitalized as Borrowing cost    | 1.06                 | -             |
| Security Premium                                  | -                    | 42.05         |
| Equity share capital                              | -                    | 1.48          |



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|   |                             |                      |
|---|-----------------------------|----------------------|
| Reserve & Surplus                                     | -                           | (43.53)              |
| Prior period errors                                   | 0.20                        | 3.69                 |
| <b>Adjustment before income tax - Profit / (loss)</b> | <b>1.26</b>                 | <b>3.69</b>          |
|   | <b>Increase/ (decrease)</b> |                      |
| <b>Restated Statement of Assets and Liabilities</b>   | <b>31 March 2023</b>        | <b>01 April 2022</b> |
| Assets: Capital Work in Progress                      | 1.06                        | -                    |

**(b) Leases**

Under previous GAAP, lessee classified a lease as an operating or a finance lease based on whether or not the lease transferred substantially all risk and rewards incident to the ownership of an asset. Operating lease were expensed in the statement of profit and loss. Under Ind AS 116, all arrangement that fall under the definition of lease except those for which short-term lease exemption or low value exemption is applied, the Group has recognized a right-of-use assets and a lease liability on the lease commencement date. Right-of-use assets is amortized over the lease term on a straight line basis and lease liability is measured at amortized cost at the present value of future lease payments.

| <b>The impact arising from the change is as follows:</b>                                    | <b>Increase/ (decrease)</b> |                      |
|---|-----------------------------|----------------------|
| <b>Restated Statement of Profit and Loss</b>  | <b>31 March 2023</b>        | <b>01 April 2022</b> |
| Rent expense  | 11.64                       | 16.01                |
| Capitalisation of Interest & Charges Paid before Commencement of Lease                      | 0.09                        | -                    |
| Interest expense on financial liabilities measured at amortised cost - on lease liabilities | (4.06)                      | (6.59)               |
| Depreciation expense  | (9.89)                      | (13.79)              |
| <b>Adjustment before income tax - Profit / (loss)</b>                                       | <b>(2.22)</b>               | <b>(4.37)</b>        |

|   | <b>Increase/ (decrease)</b> |                      |
|---|-----------------------------|----------------------|
| <b>Restated Statement of Assets and Liabilities</b> | <b>31 March 2023</b>        | <b>01 April 2022</b> |
| Assets: Right-of-use assets                         | 11.94                       | 79.46                |
| Liabilities: Lease liabilities (Borrowings)         | 11.15                       | 83.83                |

**(c) Adjustment for Effective interest rate adjustment on borrowing**

As per Ind AS 109, the Company has classified Term Loans as financial liabilities to be measured at amortized cost. The borrowings have been restated as at the date of transition using effective interest method i.e., (Transaction value Less unamortized portion of transaction cost) and subsequently measured at amortized cost.

**(d) Deferred Taxes**

Under Previous GAAP, deferred taxes were recognized for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognized using the balance sheet for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases. The above difference, together with the

**Spray Engineering Devices Limited**  
**Notes to the Consolidated Financial Statements**  
*(Amount in INR millions, except for share data unless otherwise stated)*

consequential tax impact of the other Ind AS transitional adjustments lead to temporary differences. Deferred tax adjustments are recognized in relation to the underlying transaction either in retained earnings or through other comprehensive income.

| The impact arising from the change is as follows:                     | Increase/ (decrease) |               |
|---|----------------------|---------------|
|   | 31 March 2023        | 01 April 2022 |
| <b>Restated statement of Profit &amp; Loss</b>                        |                      |               |
| <i>Tax adjustments on Ind AS adjustments</i>                          |                      |               |
| Deferred tax impact on lease  | 0.22                 | -             |
| Deferred tax impact on financial assets measured at amortized cost    | (1.87)               | -             |
| Deferred tax impact on financial liability measured at amortized cost | 0.81                 | -             |
| <b>Adjustment before income tax - Profit / (loss)</b>                 | <b>0.84</b>          | <b>-</b>      |
|   | Increase/ (decrease) |               |
| <b>Restated Statement of Assets and Liabilities</b>                   | 31 March 2023        | 01 April 2022 |
| Liability: Deferred tax Liability(net)                                | 0.84                 |               |

**(e) Remeasurements of the defined benefit plans reclassified to OCI**

Under Previous GAAP, the Company recognized remeasurement of defined benefit plans under Statement of Profit and Loss. Under Ind AS, remeasurement of defined benefit plans are recognized immediately in the Restated Consolidated Financial Information with a corresponding debit or credit to retained earnings through OCI.

49. 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**

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

**Paras Gupta**  
Partner  
Membership No.:546125  
UDIN:

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

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

Chief Financial Officer

Company Secretary

Place: Mohali  
Date :