

ASHWANI K GUPTA & ASSOCIATES

CHARTERED ACCOUNTANTS

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Ashwani. K. Gupta and Associates

Chartered Accountants



INDEPENDENT AUDITOR'S REPORT

To the Members of Spray Engineering Devices Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Spray Engineering Devices Limited (hereinafter referred to as the "Holding Company") and its subsidiaries namely SED Engineers and Fabricators Pvt Ltd and Sustainable Environment Developers Limited, (Holding company and its subsidiaries together referred as the "Group"), and its associates (IPRO Sugar Engineering Private Limited) which comprise the Consolidated balance sheet as at 31st March 2023, and the Consolidated statement of Profit and Loss, and Consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. (Hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (consolidated financial position) of the Group and its associates as at March 31, 2023, and its consolidated profit (consolidated financial performance), and its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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



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Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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



Other Matters

1. We have not carried out the audit of the two subsidiary Companies namely We have relied on the audited financial statements of these subsidiaries namely for the Year ended March 31, 2023, which have been incorporated in the consolidated financial statements. The annual financial statements of subsidiaries reflect total assets of Rs. 124.49 lacs as at March 31, 2023 (Previous year Rs. 67.54 lacs), total revenues of Rs 198.33 lacs (Previous year Rs. 87.68 lacs) and net cash inflows/(Outflows) amounting Rs. 8.51 lacs for the year ended on that date (Previous year Rs. (0.85) lacs). The consolidated financial statements also include the Group's share of net loss of Rs. 0.17 lacs (Previous year Rs. 1.02 lac loss) as considered in the consolidated financial statements in respect of one Associate Company, whose financial statements/financial information have not been audited by us. These annual financial statements, as approved by the Board of Directors of the subsidiary companies and associates have been furnished to us by the management, and our report, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the reports of their auditors.

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

Report on Other Legal and Regulatory Requirements

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

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

(1) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

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

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



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

(5) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors and the reports of the statutory auditors of its subsidiary companies and associates companies incorporated in India, none of the directors of the Group companies including associates are disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

- (a) The Company has disclosed details regarding pending litigations in note 26 of consolidated financial statements, which may impact its financial position.
- (b) The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.
- (d) (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and



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(iii) Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.

(e) The company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013. Accordingly, the clause is not applicable

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

For Ashwani K. Gupta & Associates

Chartered Accountants

(Firm's Registration No. 003803N)


Paras Gupta



Partner

M. No.546125

Date: 04-09-2023

Place: Mohali

UDIN: 23546125BGVWEC1525

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

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

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

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


Paras Gupta
Partner
(Membership No.546125)
UDIN: 23546125BGVWEC1525



Place: Mohali
Date:04-09-2023

Annexure “B” to the Independent Auditor’s Report of even date on the Consolidated financial statements of Spray Engineering Devices Limited for the year ended 31st March 2023.

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

We have audited the internal financial controls over financial reporting of Spray Engineering Devices Limited (“the Holding Company”) as of March 31, 2023 and its subsidiary companies and its associates, which are companies incorporated in India, as of that date in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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



Auditors' Responsibility

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in



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the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the
Institute of Chartered Accountants of India.

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

Paras



Paras Gupta
Partner
(Membership No.546125)
UDIN: 23546125BGVWEC1525

Place: Mohali
Date: 04.09.2023

SPRAY ENGINEERING DEVICES LIMITED
Consolidated Balance Sheet as at March 31, 2023

Particulars	Notes	As at March 31, 2023 (In ₹ Lacs)	As at March 31, 2022 (In ₹ Lacs)
I. EQUITY AND LIABILITIES			
<i>(1) Shareholders' funds</i>			
(a) Share Capital	3	2,243.88	2,243.88
(b) Reserves and Surplus	4	4,815.81	1,476.18
		7,059.69	3,720.06
<i>(2) Share application money pending allotment</i>			
		-	-
<i>(3) Non-current liabilities</i>			
(a) Long-term borrowings	5A	2,273.25	451.36
(b) Deferred tax liabilities (Net)	11	218.15	-
(c) Long-term provisions	8	460.10	330.18
		2,951.50	781.54
<i>(4) Current liabilities</i>			
(a) Short-term borrowings	5B	3,592.77	1,460.16
(b) Trade payables (Including Acceptances)	6		
- For MSME		383.17	250.20
- Other than MSME		3,744.40	3,147.37
(c) Other current liabilities	7	8,147.79	8,892.49
(d) Short-term provisions	8	654.03	180.07
		16,522.16	13,930.29
TOTAL		26,533.35	18,431.89
II. ASSETS			
<i>(1) Non-current assets</i>			
(a) Property, Plant and Equipment and Intangibles Assets	9		
- Property, Plant and Equipment		5,349.73	2,560.77
- Intangible Assets		75.81	60.25
- Capital work-in-progress		1,274.40	75.30
- Intangible assets under development		-	-
(b) Non-current investments	10	20.69	20.87
(c) Deferred tax Assets (Net)	11	-	-
(d) Long-term loans and advances	12	174.83	174.62
(e) Other non-current assets	14	142.92	54.37
		7,038.38	2,946.18
<i>(2) Current assets</i>			
(a) Current Investments	10	19.99	-
(b) Inventories	15	7,789.28	6,622.63
(c) Trade receivables	13	6,008.17	4,290.21
(d) Cash and cash equivalents	16	1,436.79	1,105.02
(e) Short-term loans and advances	12	4,214.78	3,454.88
(f) Other current assets	14	25.96	12.97
		19,494.97	15,485.71
TOTAL		26,533.35	18,431.89

Summary of Significant Accounting Policies

2.1

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

As per our report of even date

For Ashwani k Gupta & Associates

Chartered Accountants
FRN. 003803N

Paras Gupta

Paras Gupta

Partner

Membership No. 546125

UDIN: 23546125BGVWEC1525



For and on behalf of the Board of Directors

Spray Engineering Devices Limited

Vivek Verma

Vivek Verma

Chairman & Managing Director

DIN: 00032970

Prateek Verma

Prateek Verma

Whole-time Director

DIN: 00024740

Manoj Gupta

Manoj Gupta

Chief Financial Officer

Rinkal Goyal

Rinkal Goyal

Company Secretary

Membership No. F11321

Place: Mohali

Date: September 04, 2023

SPRAY ENGINEERING DEVICES LIMITED
Consolidated Statement of Profit and Loss for the Year Ended March 31, 2023

Particulars	Notes	For the Year Ended March 31, 2023 (In ₹ Lacs)	For the Year Ended March 31, 2022 (In ₹ Lacs)
Income			
Revenue from operations	17	39,261.80	21,494.41
Other income	18	143.59	117.74
Total Income (I)		39,405.39	21,612.15
Expenses			
Cost of raw material and components consumed	19	25,456.11	14,685.31
(Increase)/ decrease in inventories of finished goods, work-in-progress and stock-in-trade	20	(757.93)	(611.34)
Employee benefits expense	21	3,949.49	2,822.69
Other expenses	22	5,086.14	2,421.23
Total Expenses (II)		33,733.81	19,317.89
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) - (II)		5,671.58	2,294.26
Depreciation and amortization expense	9	286.31	213.61
Finance costs	23	805.37	505.86
Profit before tax, Extraordinary items and prior period items		4,579.90	1,574.79
Less : Prior Period Items	24	-	36.69
Less : Extraordinary items		-	-
Profit before tax		4,579.90	1,538.10
Less : Tax expenses			
Current Tax		1,020.00	116.37
Less: MAT Credit Entitlement		(0.04)	(112.07)
Deferred Tax		218.15	-
Taxation of earlier years		1.99	0.32
Profit for the year		3,339.80	1,533.48
Profit before share in profit of associate & Minority Interest		3,339.80	1,533.48
Less:-Minority Interest		-	-
Add/Less:- Current Year Profit/(Loss) share of associate		(0.17)	(1.02)
		3,339.63	1,532.46
Earnings per equity share [Nominal value of share Rs.10]	25		
		Rs.	Rs.
Basic			
Computed on the basis of total profit/(loss) for the year		14.88	6.83
Diluted			
Computed on the basis of total profit/(loss) for the year		14.79	6.79

Summary of Significant Accounting Policies 2.1
The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

Paras Gupta

Paras Gupta
Partner
Membership No. 546125
UDIN: 23546125BGVWEC1525



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

Vivek Verma

Vivek Verma
Chairman & Managing Director
DIN: 00032970

Prateek Verma

Prateek Verma
Whole-time Director
DIN: 00024740

Manoj Gupta

Manoj Gupta
Chief Financial Officer

Rinkal Goyal

Rinkal Goyal
Company Secretary
Membership No. F11321

Place: Mohali
Date: September 04, 2023

SPRAY ENGINEERING DEVICES LIMITED
Consolidated Cash Flow Statement for the Year Ended March 31, 2023

Particulars	For the Year Ended March 31, 2023 (In ₹ Lacs)	For the Year Ended March 31, 2022 (In ₹ Lacs)
Cash flow from operating activities		
- Profit/(Loss) before tax	4,579.90	1,574.79
Non-cash adjustment to reconcile profit before tax to net cash flows		
- Depreciation/amortization	286.31	213.61
- Profit/loss on sale of Fixed Assets	0.18	(0.92)
- Unrealized foreign exchange gain	-	(32.71)
- Interest expense	805.37	505.86
- Interest income	(54.29)	(26.03)
Operating profit before working capital changes	5,617.47	2,234.60
Movements in working capital :		
- Increase/(decrease) in trade payables	730.00	(561.33)
- Increase /(decrease) in long-term provisions	129.92	64.40
- Increase /(decrease) in short-term provisions	473.96	82.77
- Increase/(decrease) in other current liabilities	(744.70)	5,226.56
- Decrease/(increase) in trade receivables	(1,717.96)	(1,230.37)
- Decrease/(increase) in inventories	(1,166.65)	(1,824.87)
- Decrease /(increase) in long-term loans and advances	(0.21)	33.66
- Decrease /(increase) in short-term loans and advances	(759.90)	(2,107.88)
- Decrease/(increase) in other current assets	(12.99)	(5.85)
- Decrease/(increase) in other Non-current assets	(88.55)	29.44
- Decrease/(increase) in current investments	(19.99)	-
Cash generated from /(used in) operations	2,440.41	1,941.12
- Direct taxes paid (net of refunds)	(1,019.96)	(4.30)
- Prior Period Items (net)	-	(36.69)
- Taxation of earlier years	(1.99)	(0.32)
- Exceptional Items (net)	-	32.71
Net cash flow from/ (used in) operating activities (A)	1,418.46	1,932.52
Cash flows from investing activities		
- Purchase of fixed assets, including intangible assets and CWIP	(4,309.57)	(477.79)
- Sale of Fixed Assets	19.46	1.02
- Interest received	54.29	26.03
Net cash flow from/(used in) investing activities (B)	(4,235.82)	(450.74)
Cash flows from financing activities		
- Proceeds/(Repayment) of long-term borrowings	1,821.89	128.10
- Proceeds/(Repayment) of short-term borrowings	2,132.61	(529.42)
- Interest paid	(805.37)	(505.86)
Net cash flow from/(used in) in financing activities (C)	3,149.13	(907.18)
- Net increase/(decrease) in cash and cash equivalents (A + B + C)	331.77	574.60
- Cash and cash equivalents at the beginning of the year	1,105.02	530.42
Cash and cash equivalents at the end of the Period	1,436.79	1,105.02
Components of cash and cash equivalents		
- Cash in hand	1.08	36.25
- Current account balance	139.61	129.78
- Fixed Deposit account balance	1,296.10	938.99
Total cash and cash equivalents (note 16)	1,436.79	1,105.02

Summary of Significant Accounting Policies

2.1

As per our report of even date
For Ashwani k Gupta & Associates
Chartered Accountants
FRN. 003803N



Parag Gupta
Partner
Membership No. 546125
UDIN: 23546125BGWPEC1525

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

Vivek Verma
Chairman & Managing Director
DIN: 00032970

Prateek Verma
Whole-time Director
DIN: 00024740

Manoj Gupta
Chief Financial Officer

Rinkal Goyal
Company Secretary
Membership No. F11321

Place: Mohali
Date: September 04, 2023

Spray Engineering Devices Limited

Notes to Consolidated Financial Statements for the Year Ended 31 March 2023

1. Corporate information

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

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

2. Basis of preparation of Financial Statements

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

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

3. Basis of Consolidation

The Consolidated Financial Statements comprises of the financial statements of the company, its subsidiaries and associate as disclosed in Note 43 which are consolidated in accordance with Accounting Standard 21 on Consolidated Financial Statements & Accounting Standard 23 on accounting for Investments in Associates in Consolidated Financial Statements.

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

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



Spray Engineering Devices Limited
Notes to Consolidated Financial Statements for the Year Ended 31 March 2023

3.1 Summary of Significant Accounting Policies

(a) Use of estimates

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

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

(b) Property, Plant & Equipment's

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

(c) Depreciation on Property, Plant & Equipments

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

(d) Intangible Assets

Cost of Software

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

Drawings and Licenses

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

(e) Impairment of tangible and intangible assets

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

(f) Borrowing Costs

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



Spray Engineering Devices Limited
Notes to Consolidated Financial Statements for the Year Ended 31 March 2023

(g) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(h) Inventories

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

(i) Revenue recognition

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

Sale of Goods / scrap

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

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

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

Interest Income

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

(j) Foreign currency transactions

(i) Initial Recognition

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



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Spray Engineering Devices Limited
Notes to Consolidated Financial Statements for the Year Ended 31 March 2023

(ii) *Conversion*

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(iii) *Exchange Differences*

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

(k) **Income taxes**

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

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

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

(l) **Earnings per Share**

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

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



Spray Engineering Devices Limited

Notes to Consolidated Financial Statements for the Year Ended 31 March 2023

(m) Provisions & Contingent liabilities

- (i) A provision is recognized when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.
- (ii) A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

(n) Leases

Where the Group is the lessee

Finance Lease

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

Operating Lease

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

Where the Group is the lessor

Finance Lease

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

Operating Lease

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

(o) Retirement Benefits

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



Spray Engineering Devices Limited

Notes to Consolidated Financial Statements for the Year Ended 31 March 2023

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

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

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

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

(q) Employee Stock Compensation Cost

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

(r) Segment Reporting Policies

- (i) Identification of segments:

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

- (ii) Segment Policies:

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

(s) Measurement of EBITDA

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



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SPRAY ENGINEERING DEVICES LIMITED
Notes to Consolidated Financial Statements for the Year Ended March 31, 2023

(In ₹ Lacs)

3. Share capital

Authorized Share Capital

40,000,000 (31 March 2022: 24,050,000) equity shares of Rs.10 each

Issued Share Capital

22,586,781 (31 March 2022: 22,586,781) equity shares of Rs.10 each

Subscribed and fully paid-up share Capital

22,586,781 (31 March 2022: 22,586,781) equity shares of Rs.10 each

Less: Amount Recoverable from Employees Welfare Trust

148,031 (31 March 2022: 1,48,031) equity shares of Rs.10 each

Total Subscribed and fully paid-up share Capital

	As at March 31, 2023	As at March 31, 2022
Authorized Share Capital	4,000.00	2,405.00
Issued Share Capital	2,258.68	2,258.68
Subscribed and fully paid-up share Capital	2,258.68	2,258.68
Less: Amount Recoverable from Employees Welfare Trust	(14.80)	(14.80)
Total Subscribed and fully paid-up share Capital	2,243.88	2,243.88

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

Equity shares :

	As at March 31, 2023		As at March 31, 2022	
	No.	(In ₹ Lacs)	No.	(In ₹ Lacs)
At the beginning of the period	22438750	2,243.88	22438750	2,243.88
Issued during the period	-	-	-	-
Outstanding at the end of the period	22438750	2,243.88	22438750	2,243.88

b. Terms/ rights attached to equity shares

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

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

	As at March 31, 2023		As at March 31, 2022	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of Rs.10 each fully paid				
Mr. Vivek Verma (Chairman cum Managing Director)	12806661	56.70%	12806661	56.70%
Mr. Prateek Verma (Wholtime Director)	5989987	26.52%	5989987	26.52%
Klondike Investments Ltd.	2823348	12.50%	2823348	12.50%

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

d. Disclosure for Shareholding of Promotors

Shares held by promotors as on March 31,2023

Equity shares of Rs.10 each fully paid up

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

Shares held by promotors as on March 31,2022

Equity shares of Rs.10 each fully paid up

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

(In ₹ Lacs)

4. Reserves and surplus

Securities premium account

Closing Balance

	As at March 31, 2023	As at March 31, 2022
Securities premium account	5,709.54	5,709.54
Total securities premium account	5,709.54	5,709.54

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

Balance as per last financial statements

Profit/ (loss) for the year

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

Total reserves and surplus

Balance as per last financial statements	(4,233.36)	(5,765.82)
Profit/ (loss) for the year	3,339.63	1,532.46
Net surplus/(deficit) in the statement of profit and loss	(893.73)	(4,233.36)

Total reserves and surplus	4,815.81	1,476.18
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SPRAY ENGINEERING DEVICES LIMITED**Notes to Consolidated Financial Statements for the Year Ended March 31, 2023****5A. Long Term Borrowings**

	(In ₹ Lacs)	
	As at March 31, 2023	As at March 31, 2022
Finance lease obligation (secured)	174.97	125.75
Amount disclosed under the head	(42.30)	(27.45)
“Other Current Liabilities” (refer note no. 7)		
(A)	132.67	98.30
Term Loans from Banks	2,532.96	490.34
Amount disclosed under the head	(392.38)	(137.28)
“Short Term Borrowings” (refer note no. 5B)		
(B)	2,140.58	353.06
(A+B)	2,273.25	451.36

i) Finance lease obligation of Rs.174.97 Lacs (31 March 2022: Rs.125.75 Lacs) is in respect of various vehicles which are secured by hypothecation of the vehicles financed. All the loans are repayable in 48 to 60 monthly instalments and carrying interest rate ranging from 7.75% to 9.70% p.a.

ii) Rs.0.00 Lacs (P.Y.Rs. 5.95 Lacs) outstanding of Working Capital Demand loan with total sanction limit of Rs.84.00 lacs was taken from Bank of India at interest rate 1 year MCLR i.e 7.95 % p.a. secured by 1st pari passu charge by way of hypothecation of stock/ book debts/bills and other chargeable Current assets (present and future) and collateral security of entire fixed assets(existing and future)excluding land and building at plot no 76 Industrial area, baddi, Land and building at plot no 245-246, Industrial area, Baddi, Land and building at plot no 395-398 near Cola Cola factory, village billanwali, Baddi, 4 flats situated at Baddi in the name of the company.The loan was further secured by Personal Guarantee of Mr. Vivek Verma and Mr Prateek Verma . The loan was repayable by way of monthly instalment of 18 months commencing from November, 2020 and ending in April, 2022.

iii) Rs. 64.92 Lacs (P.Y. Rs. 110.96 Lacs) outstanding of Working Capital term loan total sanction limit of 144 lakhs is taken from Bank of India at interest rate 0.65 % over RBLR (presently 6.85 %) effective 7.5% secured by 1st pari passu charge by way of hypothecation of stock/book debts/bills and other chargeable Current assets (present and future) and collateral security of entire fixed assets (existing and future) excluding land and building at plot no 76 Industrial area, baddi, Land and building at plot no 245-246, Industrial area Baddi, Land and building at plot no 395-398 near Cola Cola factory, village billanwali, Baddi,4 flats situated at Baddi in the name of the company.The loan is further secured by Personal Guarantee of Mr. Vivek Verma and Mr Prateek Verma . The loan is repayable by way of monthly instalment of 36 months commencing from July,2021 and ending in June,2024.

iv) Rs. 97.11 Lacs (P.Y.Rs.174.77 Lacs) outstanding of Working Capital term loan with total sanction limit of 233 lakhs is taken from Canara Bank interest rate MCLR(June 20) i.e 7.65 % pa. at present subject to maximum 9.25 % p.a. secured by 1st pari passu charge of current assets (present and future) and collateral security of entire fixed assets(existing and future) excluding land and building at plot no 76 Industrial area, baddi, Land and building at plot no 245-246, Industrial area Baddi, Land and building at plot no 395-398 near Cola Cola factory, village billanwali, Baddi,4 flats situated at Baddi in the name of the company.The loan is further secured by Personal Guarantee of Mr. Vivek Verma and Mr Prateek Verma . The loan is repayable by way of monthly instalment of 36 months commencing from July,2021 to June,2024.

v) Rs.0.00 Lacs (P.Y.Rs.6.66 Lacs) outstanding of Working Capital Demand Loan with total Sanction Limit of 120 Lakhs was taken from Canara Bank at the interest rate MCLR(April 2020) i.e 7.85 % p.a. secured by 1st pari passu charge of current assets (present and future) and collateral security of entire fixed assets(existing and future) excluding land and building at plot no 76 Industrial area, baddi, Land and building at plot no 245-246, Industrial area Baddi, Land and building at plot no 395-398 near Cola Cola factory, village billanwali, Baddi,4 flats situated at Baddi in the name of the company.The loan was further secured by Personal Guarantee of Mr. Vivek Verma and Mr Prateek Verma . The loan was repayable by way of monthly instalment of 18 months commencing from November,2020 and ending in April, 2022.

vi) Rs. 120.00 Lacs (P.Y.Rs.120.00 Lacs)outstanding of Working Capital Term Loan with total Sanction Limit of 120 Lakhs from Canara Bank @interest rate of 7.50% p.a. secured by 1st pari passu charge of current assets (present and future) and collateral security of entire fixed assets(existing and future) excluding land and building at plot no 76 Industrial area, baddi, Land and building at plot no 245-246, Industrial area Baddi, Land and building at plot no 395-398 near Cola Cola factory, village billanwali, Baddi,4 flats situated at Baddi in the name of the company.The loan is further secured by Personal Guarantee of Mr. Vivek Verma and Mr Prateek Verma . The loan is repayable by way of monthly instalment of 36 months commencing from December,2023 and ending in November,2026.

vii) Rs.71.91 Lacs (P.Y.Rs.72.00 Lacs) outstanding of Working Capital Term loan with total sanction limit of 72 lakhs is taken from Bank of India @ interest rate of 7.50% p.a. secured by 1st pari passu charge by way of hypothecation of stock/ book debts/bills and other chargeable Current assets (present and future) and collateral security of entire fixed assets(existing and future)excluding land and building at plot no 76 Industrial area, baddi, Land and building at plot no 245-246, Industrial area, Baddi, Land and building at plot no 395-398 near Cola Cola factory, village billanwali, Baddi, 4 flats situated at Baddi in the name of the company.The loan is further secured by Personal Guarantee of Mr. Vivek Verma and Mr Prateek Verma . The loan is repayable by way of monthly instalment of 36 months commencing from November, 2023 and ending in October, 2026.



SPRAY ENGINEERING DEVICES LIMITED

Notes to Consolidated Financial Statements for the Year Ended March 31, 2023

viii) Rs. 1775.77 Lacs (P.Y.Rs. 0.00 Lacs) outstanding of Term loan for purchase of corporate office with total sanction limit of Rs. 1837.00 lakhs is taken from Canara Bank at the rate of interest of 11.60% p.a. 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. 1400.00 lacs out of total EMT of Rs. 2408.00 lacs. The loan is further secured by Personal Guarantee of Mr. Vivek Verma and Mr Prateek Verma . The loan is repayable by way of 120 monthly instalment commencing from December, 2022 and ending in November, 2032.

ix) Rs. 75.20 Lacs (P.Y.Rs. 0.00 Lacs) outstanding of Term loan for purchase of Plant & Machineries with total sanction limit of Rs. 327.00 lakhs is taken from Bank of India at the rate of interest of 10.25% p.a. primarily secured by 1st pari-pasu charge by way of hypothecation of Machinery purchased out of bank Finance and further collaterally secured by 1st pari-pasu 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-pasu 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 by way of 72 monthly instalment commencing from September, 2023 and ending in August, 2029.

x) Rs. 328.05 Lacs (P.Y.Rs. 0.00 Lacs) outstanding of Term loan for purchase of Plant & Machineries with total sanction limit of Rs. 463.00 lakhs is taken from Canara Bank at the rate of interest of 11.35% p.a. primarily secured by 1st pari-pasu charge with Bank of India and further collaterally secured by 1st pari-pasu 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-pasu 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 by way of 72 monthly instalment commencing from September, 2023 and ending in August, 2029.

5B. Short Term Borrowings

	(In ₹ Lacs)	
	As at	As at
	March 31, 2023	March 31, 2022
Secured		
- Cash credit from banks	3,188.03	1,311.33
- Current maturities of long-term borrowings (refer note no. 5A)	392.38	137.28
Unsecured		
-Loans from NBFCs	12.36	11.55
Total	3,592.77	1,460.16

i) Cash credit limits of Rs. 3188.03 Lacs (31 March 2022: Rs. 1311.33 Lacs) is secured by first pari passu charge on current assets (existing and future) of the company in favour of Canara Bank and Bank of India & further secured by first pari passu charge on entire fixed assets (existing and future) including Land and Building at Plot no. 76, Ind. area, 2250 sq. mtrs. Baddi, HP (Unit-1) and Land and Building at Plot no. 245-246, Ind. area, 1800 sq. mtrs. Baddi, HP (Unit-2) and EMT of Land and Building of No. 395-398 near Coca Cola Factory, Village- Billanwali, Baddi, Dist.- Solan, HP (Unit-3) and EMT of 4 Flats standing in the name of the Company situated at Baddi (HP) .

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

iii) Loans from NBFC of Rs. 12.36 Lacs (31 March 2022: Rs. 11.55 Lacs) is unsecured loan which is carrying simple interest rate @9.00% p.a.

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SPRAY ENGINEERING DEVICES LIMITED

Notes to Consolidated Financial Statements for the Year Ended March 31, 2023

6. Trade Payables	(In ₹ Lacs)	
	As at	As at
	March 31, 2023	March 31, 2022
Trade payables		
- Due to Micro, Small and Medium Enterprises *	383.17	250.20
- Other than Micro, Small and Medium Enterprises	3,744.40	3,147.37
	4,127.57	3,397.57

Trade Payables aging schedule for the year ended as March 31,2023 and March 31,2022

Particulars	Outstanding for following periods from due date of payment				Total
	(In ₹ Lacs)				
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
MSME	376.76	0.58	0.00	5.83	383.17
	232.06	0.69	2.57	14.88	250.20
Others	2893.73	92.94	20.25	657.97	3664.89
	1937.69	214.05	30.95	890.09	3072.78
Disputed dues-MSME	-	-	-	-	-
Disputed dues-Others	-	-	-	79.51	79.51
	-	-	-	74.59	74.59
Total Trade Payables	3,270.49	93.52	20.25	743.31	4,127.57
	2,169.75	214.74	33.52	979.56	3,397.57

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

Disclosures required under Sec 22 of MSMED Act. 2006

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

- Principal amount	383.17	250.20
- Interest thereon (Disclosed in other current liability) *	12.65	5.31

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

- -

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

- -

(iv) the amount of interest accrued and remaining unpaid

12.65 5.31

(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this ACT

- -

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



SPRAY ENGINEERING DEVICES LIMITED

Notes to Consolidated Financial Statements for the Year Ended March 31, 2023

(In ₹ Lacs)

7. Other current liabilities

Current maturities of finance lease obligations (refer note no. 5A)
Interest accrued but not due on borrowings
Cheques issued but not yet presented for payment
Advance from customers
Salary and reimbursement payable to employees
Directors remuneration payable
Duties & taxes payable
Interest Payable to MSME
Others

	As at March 31, 2023	As at March 31, 2022
	42.30	27.45
	3.82	1.77
	87.04	189.30
	6,777.28	8,026.23
	286.38	325.64
	6.32	29.77
	154.23	54.47
	12.65	5.31
	777.77	232.55
	8,147.79	8,892.49

8. Provisions

Provision for employee benefits

Provision for gratuity
Provision for leave benefits

	Long-term		Short-term	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
(A)	460.10	330.18	57.08	36.58
Other provisions				
Provision for warranties	-	-	75.54	49.72
Provision for Performance	-	-	83.22	86.39
Provision for Taxation	-	-	438.19	7.38
(B)	-	-	596.95	143.49
Total (A + B)	460.10	330.18	654.03	180.07

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SPRAY ENGINEERING DEVICES LIMITED
Notes to Consolidated Financial Statements for the Year Ended March 31, 2023

9. Property, Plant and Equipment & Intangible Assets

Particulars	Gross Block				Accumulated Depreciation			Net Block	
	As at April 1, 2022	Additions during the Year	Adjustments/Disposals of Assets	As at March 31, 2023	As at 1, 2022	Depreciation charge for the year	Adjustments/Disposals of Assets	As at March 31, 2023	As at March 31, 2022
Tangible Assets									<i>(In ₹ Lacs)</i>
Land	323.77	-	-	323.77	-	-	-	323.77	323.77
Factory Building	2,241.67	-	-	2,241.67	953.80	70.77	-	1,024.57	1,217.10
Office Building	-	2,576.06	-	2,576.06	-	13.41	-	2,562.65	-
Plant & Machinery	2,648.14	285.33	9.46	2,924.01	1,999.29	78.02	0.29	846.99	648.85
Furniture & Fixture	173.73	2.29	-	176.02	143.40	4.03	-	28.59	30.33
Computers and related hardware's	191.19	51.02	-	242.21	130.77	38.61	-	169.38	60.42
Office Equipments	172.70	28.29	-	200.99	138.24	11.90	-	50.85	34.46
Motor Vehicles	293.86	118.03	12.04	399.85	118.79	35.68	1.57	152.90	175.07
Leasehold Improvements	5.95	-	-	5.95	5.95	-	-	5.95	-
TOTAL	6,051.01	3,061.02	21.50	9,090.53	3,490.24	252.42	1.86	3,740.80	2,560.77
Previous Year	5,677.37	377.74	4.10	6,051.01	3,303.37	190.87	4.00	3,490.24	2,373.99
Intangible Assets									
Package & software	617.47	49.45	-	666.92	557.22	33.89	-	591.11	60.25
Drawing & Copyrights	109.75	-	-	109.75	109.75	-	-	109.75	-
TOTAL	727.22	49.45	-	776.67	666.97	33.89	-	700.86	60.25
Previous Year	688.04	39.18	-	727.22	644.22	22.75	-	666.97	43.82

Intangible assets under development

PARTICULARS	As at April 1, 2022	Additions during the Year	Adjustments/Disposals of Assets	As at March 31, 2023
ERP Package	-	-	-	-
TOTAL	-	-	-	-
Previous Year	14.43	24.75	39.18	-

Capital Work-in-Progress

PARTICULARS	As at April 1, 2022	Additions during the Year	Adjustments/Disposals of Assets	As at March 31, 2023
Project in progress	75.30	1,199.10	-	1,274.40
TOTAL	75.30	1,199.10	-	1,274.40
Previous Year	-	75.30	-	75.30

CWIP Aging Schedule

CWIP	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
Projects in progress	1199.10	75.30	0.00	0.00	1274.40
	75.30	0.00	0.00	0.00	75.30
Projects temporarily suspended	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00
Total CWIP	1,199.10	75.30	-	-	1,274.40
	75.30	-	-	-	75.30



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SPRAY ENGINEERING DEVICES LIMITED
Notes to Consolidated Financial Statements for the Year Ended March 31, 2023

(In ₹ Lacs)

10. Investments

	Non-Current		Current	
	As at	As at	As at	As at
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Trade investments (valued at cost unless stated otherwise)				
Unquoted equity instruments				
Investment in associates				
25,000 (31 March 2022: 25,000) Equity shares of Rs.10 each fully paid-up in IPRO Sugar Engineering Private Limited	2.50	2.50		
Add:-Share of Accumulated Reserves/Profits	18.36	19.39		
Add:-Share of Current Year Profit/(Loss)	(0.17)	(1.02)		
	<u>20.69</u>	<u>20.87</u>		
Others				
300,000 (31 March 2022: 300,000) Equity shares of Rs.100 each fully paid-up in Sri Saibaba Sugar Limited	300.00	300.00	-	-
Investment in Mutual Funds	-	-	19.99	-
(A)	<u>320.69</u>	<u>320.87</u>	<u>19.99</u>	<u>-</u>
Less : Provisions for diminution in value				
Unquoted Equity Instruments				
- Sri Saibaba Sugar Limited	300.00	300.00	-	-
Aggregate provision for diminution in value of investments	<u>300.00</u>	<u>300.00</u>	<u>-</u>	<u>-</u>
Investments (Net) (A - B)	<u>20.69</u>	<u>20.87</u>	<u>19.99</u>	<u>-</u>

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

	(In ₹ Lacs)	
	As at	As at
	March 31, 2023	March 31, 2022
Tax Rate	29.120%	16.692%
Deferred tax liability		
Fixed assets: Impact of difference between Carrying Value as per IT Act & Companies Act	374.69	199.27
(A)	<u>374.69</u>	<u>199.27</u>
Gross deferred tax liability		
Deferred tax asset		
Provision for Employee Benefit Expenses	156.54	65.95
Provision for doubtful debts and advances	-	224.63
Brought forward depreciation/Business Losses	-	76.56
(B)	<u>156.54</u>	<u>367.14</u>
Net deferred tax (assets)/ liability (A - B)	<u>218.15</u>	<u>(167.87)</u>

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

12. Loans and advances

	Non-Current		Current	
	As at	As at	As at	As at
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Capital advances				
Unsecured, considered good	-	-	415.31	-
(A)	<u>-</u>	<u>-</u>	<u>415.31</u>	<u>-</u>
Loan and advances to wholly-owned Subsidiary				
Unsecured, considered good	-	-	-	-
Unsecured, considered doubtful	-	-	-	-
(B)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less : Provision for doubtful Loans & advances				
(B)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Advances recoverable in cash or kind				
Advances to Suppliers				
Unsecured, considered good	-	-	2,320.17	2,152.41
Unsecured, considered doubtful	-	-	19.25	19.46
Other Advances	-	-	25.00	35.00
(C)	<u>-</u>	<u>-</u>	<u>2,364.42</u>	<u>2,206.87</u>
Less : Provision for doubtful advances				
(C)	<u>-</u>	<u>-</u>	<u>19.25</u>	<u>19.46</u>
(C)	<u>-</u>	<u>-</u>	<u>2,345.17</u>	<u>2,187.41</u>
Other loans and advances				
Advance Tax/ Tax Deducted at Source (net of provision for taxation)	61.26	61.05	4.79	3.00
Income tax paid under protest	113.57	113.57	-	-
MAT credit entitlement	-	-	514.28	1,004.87
Export Incentive Licenses	-	-	-	3.64
Duty Drawback Recievables	-	-	3.67	5.25
Other Recoverables	-	-	81.08	9.51
Prepaid expenses	-	-	63.72	54.81
Balances with statutory/Government authorities	-	-	786.76	186.39
(D)	<u>174.83</u>	<u>174.62</u>	<u>1,454.30</u>	<u>1,267.47</u>
Total (A+ B + C + D)	<u>174.83</u>	<u>174.62</u>	<u>4,214.78</u>	<u>3,454.88</u>

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SPRAY ENGINEERING DEVICES LIMITED

Notes to Consolidated Financial Statements for the Year Ended March 31, 2023

13. Trade receivables

(In ₹ Lacs)

Particulars	Non - Current		Current	
	As at	As at	As at	As at
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Trade Receivable Considered Good - Unsecured			6,008.17	4,290.21
	(A)		6,008.17	4,290.21
Trade Receivable Considered Doubtful - Unsecured			397.97	1,373.11
Less : Allowance for Doubtful Receivables			397.97	1,373.11
	(B)		-	-
Total Trade Receivables	(A+B)		6,008.17	4,290.21

Trade Receivables aging schedule for the year ended as March 31,2023 and March 31,2022

(In ₹ Lacs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
	Undisputed Trade Receivables - considered good	2954.30 1763.03	1206.76 850.17	736.21 388.18	149.88 257.91	
Undisputed Trade Receivables - considered doubtful	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	397.97 1373.11	397.97 1373.11
Disputed Trade Receivables - considered good	0.00 0.00	0.00 0.00	0.03 0.00	33.59 0.00	603.62 507.10	637.24 507.10
Disputed Trade Receivables - considered doubtful	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00
	2954.30 1763.03	1206.76 850.17	736.24 388.18	183.47 257.91	1325.37 2404.03	6406.14 5663.32
Less:-Allowance for doubtful receivables						397.97 1373.11
Total Trade Receivables						6008.17 4290.21

(In ₹ Lacs)

14 Other assets

	Non - Current		Current	
	As at	As at	As at	As at
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Security deposit (Unsecured, considered good)				
- With related parties	-	-	-	-
- Others	135.50	54.37	-	-
	(A)			
Others				
Non-current bank balances (refer note no. 16)	-	-	-	-
Interest accrued on Margin Money	-	-	25.96	12.97
LIC Group Gratuity Fund	7.42	-	-	-
	(B)			
Total (A+B)	142.92	54.37	25.96	12.97

(In ₹ Lacs)

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

	Non - Current		Current	
	As at	As at	As at	As at
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Raw materials and components	-	-	4,417.92	4,058.12
Work-in-progress	-	-	2,191.24	1,781.10
Finished goods	-	-	946.52	598.73
Stores and spares	-	-	233.60	184.68
Total	-	-	7,789.28	6,622.63

(In ₹ Lacs)

16. Cash and Cash Equivalents

	As at	
	March 31, 2023	March 31, 2022
	Balances with banks:	
-On current accounts	139.61	129.78
Cash on hand	1.08	36.25
Other bank balances		
-Fixed deposit	8.89	8.61
-Margin money deposit*	1,287.21	930.38
Less : Amount disclosed under Non-Current Assets	-	-
Total	1,436.79	1,105.02

* Margin money deposits with a carrying amount of Rs.1287.21 lacs (March 31, 2022: Rs.930.38 lacs) given as security against non-fund based limits sanctioned by banks.

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SPRAY ENGINEERING DEVICES LIMITED

Notes to Consolidated Financial Statements for the Year Ended March 31, 2023

(In ₹ Lacs)

17. Revenue from operations

Sale of products

	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Finished goods	36,914.06	20,371.27
Sale of services	1,519.42	598.60
<u>Other operating revenue</u>		
Income From Export Incentives	114.27	2.08
Scrap sales	714.05	522.46
	39,261.80	21,494.41

Details of products sold

Finished goods sold

	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Sale of Sugar Machineries & their Parts	23,783.20	10,397.20
Sale of Low Temperature Evaporator /MVR and its parts	13,130.86	9,974.07
	36,914.06	20,371.27

(In ₹ Lacs)

18. Other income

Interest income on

	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Bank deposits	54.12	25.86
Income tax refund	0.11	-
Security Deposit	0.17	0.17

Other non-operating income

Balances written off	75.27	-
Provisions written back	8.63	8.07
Reversal of Interest payable to MSME	2.45	11.29
Gain/Loss on Foreign Exchange Fluctuation (Net)	-	32.71
Profit on Sale of Assets	-	0.92
Miscellaneous Income	2.84	28.99
Bad debts Recovered	-	9.73
	143.59	117.74

(In ₹ Lacs)

19. Cost of raw material and components consumed

	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Inventory at the beginning of the year	4,058.12	2,619.67
Add: Purchases	25,815.91	16,123.76
	29,874.03	18,743.43
Less: inventory at the end of the year	4,417.92	4,058.12
	25,456.11	14,685.31

(In ₹ Lacs)

20. (Increase)/decrease in inventories

Inventories at the end of the year

	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Work-in-progress	2,191.24	1,781.10
Finished goods	946.52	598.73
	3,137.76	2,379.83

Inventories at the beginning of the year

Work-in-progress	1,781.10	1,457.56
Finished goods	598.73	310.93
	2,379.83	1,768.49
	(757.93)	(611.34)



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SPRAY ENGINEERING DEVICES LIMITED**Notes to Consolidated Financial Statements for the Year Ended March 31, 2023****21. Employee benefit expense**

	(In ₹ Lacs)	
	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Salaries, wages and bonus	3,378.56	2,432.07
Director Remunerations	96.87	80.11
Contribution to provident and other fund	137.66	102.05
Gratuity and EL expenses	165.21	77.36
Staff welfare expenses	171.19	131.10
	3,949.49	2,822.69

22. Other expenses

	(In ₹ Lacs)	
	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Other Manufacturing Expenses		
Consumption of stores and spares	198.47	96.92
Power and Electricity Charges	161.08	85.94
Project Site Expenses	885.72	501.38
Job Work Charges	2.99	89.02
Repair & Maintenances		
- Plant & Machinery	181.08	95.55
- Building	60.94	50.89
Administration, Selling and other expenses		
Freight, Cartage and Octroi (Net)	516.94	226.07
Commissions	588.45	106.30
Travel & Conveyance	312.40	205.26
Rent	228.60	203.50
Rate, Fee and Taxes	89.29	73.00
Insurance	44.01	14.19
Payment to auditor	7.75	7.75
Warranty Expenses	-	50.98
Bad debts written off	1,831.81	1,635.02
Less:- Reversal of Provision created on the same	966.55	1,615.71
Advances to Subsidiary written off	691.39	19.31
Less:- Reversal of Provision created on the same	691.39	-
Vehicle and other maintenances	202.23	90.68
Advertisement, Publicity and Sales Promotion	56.53	57.24
Communication Cost	33.64	27.70
Legal & Professional Charges	244.00	123.37
Balances written off	-	91.83
Website and Software Expenses	146.52	111.44
Loss on Sale of Assets	0.18	-
Gain/Loss on Foreign Exchange Fluctuation (Net)	102.90	-
Other Miscellaneous Expenses	157.16	92.92
	5,086.14	2,421.23

Payment to auditor includes : -

	(In ₹ Lacs)	
	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
As auditor:		
Statutory Audit fee	7.75	7.75
	7.75	7.75



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SPRAY ENGINEERING DEVICES LIMITED

Notes to Consolidated Financial Statements for the Year Ended March 31, 2023

(In ₹ Lacs)

23. Finance costs

Interest expense

- on Term Loan
- on Cash Credit Loan
- on Vehicle loan
- Other borrowing costs

	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
	117.19	35.82
	236.41	189.83
	13.41	10.48
	438.36	269.73
	805.37	505.86

(In ₹ Lacs)

24. Prior Period Items

Prior Period Income/ Expenses

Various Other expenses of earlier years

	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
	-	36.69
	-	36.69

25. Earnings per share (EPS)

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

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

3,339.80 1,533.48

No. No.

Weighted average number of equity shares in calculating basic EPS

22,438,750 22,438,750

Effect of dilution:

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

148,031 148,031

Weighted average number of equity shares in calculating diluted EPS

22,586,781 22,586,781

Basic EPS

Rs. Rs.
14.88 6.83

Diluted EPS

14.79 6.79



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Spray Engineering Devices Limited

Notes to Consolidated Financial Statements for the Year Ended 31 March 2023

26. Contingent Liability

- a. Guarantees given by banks on behalf of the Holding Company is Rs. 1513.38 Lacs (P.Y. Rs. 2.85 Lacs).
- b. Disputed Income Tax Liability where the Holding Company is in appeal amounting to Rs. 231.62 Lacs (P.Y. Rs. 231.62 Lacs) pertaining to the A.Y. 2013-14.
- c. There are certain claims filed against the Holding Company by some parties which are pending with various jurisdictional authorities. The management has reviewed the same and estimate that these claims are not tenable and at the time of outcome of these proceedings there will be no material liability occur to the Company.
- d. Claims not acknowledge as debts amounting to Rs. 0.00 Lacs (P.Y. Rs. 0.00 Lacs).

27. Capital Commitments

Estimated amounts of contracts remaining to be executed on capital account (net of advances already made) and not provided for is Rs. 415.73 Lacs (PY: Rs. 677.70 Lacs)

28. Corporate Social Responsibility: -

Corporate Social Responsibility is applicable to the Holding company for the FY 2022-23. However, the holding company has made the average net loss during the three immediately preceding financial years. Hence, the amount required to be spent on CSR activities in FY 2022-23 was Rs. Nil.

29. Employees Stock Options Scheme (ESOP)

148031 Equity Shares (PY 148031 Equity Shares) are held by the SEDL Trust as on 31st March,2023. These shares are to be issued to employees in future on achievement of various performance criteria. The face value of equity shares with trust amounting to Rs. 14.80 Lacs (PY Rs. 14.80 Lacs) is deducted from the share capital account as per Guidance Note on Accounting for Employees Share- Based Payments issued by the Institute of Chartered Accountants of India.

30. The Company has recognized Minimum Alternate Tax ("MAT") credit entitlement under Section 115JAA of the Income-tax Act, 1961 and classified the same under the head short term loan and advances in Balance Sheet. Total amount of the MAT credit is Rs.514.28 Lacs as at March 31, 2023 (Rs. 1004.87 Lacs as at March 31, 2022). This is based on the management's interpretation of the recoverability and adjustment of the MAT credit entitlement against income tax payable by the company in future based on the present trend of profits and projected future profits from existing business. Accordingly, the management believes that there will be sufficient future taxable profits to utilize the aforementioned MAT credit entitlement within the stipulated period prescribed as per the provisions of the Income Tax Act,1961.



Spray Engineering Devices Limited
Notes to Consolidated Financial Statements for the Year Ended 31 March 2023

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

S. No.	Particulars	2022-23	2021-22
		(In ₹ Lacs)	(In ₹ Lacs)
	Operating Lease (Cancellable)		
A	Lease payments recognized in the statement of profit and loss for the year	228.60	203.50
B	A general description of the lessee's significant leasing arrangements:		
	- lease rent agreements are for offices and guest houses		
	- there are no restrictions imposed by lease arrangements		
	- there are no subleases		

32. Related Party disclosures

a) List of related parties

1. Key Management Personnel

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

2. Relative of Key Management Personnel

Vimarsh Verma

3. Subsidiary Companies

SED Engineers & Fabricators Private Limited

Sustainable Environment Developers Limited

4. Associates

I PRO Sugar Engineering Private Limited

b) Transactions with Related Parties –

(In ₹ Lacs)

Name of Party	Nature of Transaction	2022-23	2021-22
Vivek Verma	Director's Remuneration	52.87	38.11
Vivek Verma	Lease Rent	4.00	0.00
Prateek Verma	Director's Remuneration	44.00	42.00



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Spray Engineering Devices Limited**Notes to Consolidated Financial Statements for the Year Ended 31 March 2023**

Manoj Gupta	Employee Benefit Expense	31.52	28.15
Rinkal Goyal	Employee Benefit Expense	11.11	7.99
Vimarsh Verma	Employee Benefit Expense	17.62	14.35

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

Name of Party	Receivable / Payable	2022-23	2021-22
Vivek Verma	Salary Payable	3.69	2.40
Vivek Verma	Lease Rent Payable	0.00	0.00
Prateek Verma	Salary Payable	2.64	2.57
Manoj Gupta	Salary Payable	1.74	1.71
Rinkal Goyal	Salary Payable	0.90	0.62
Vimarsh Verma	Salary Payable	1.04	0.85

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

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

Statement of Profit & Loss**Net employee benefit expenses (recognized in Employee Cost)**

Particulars	Gratuity		Leave Encashment	
	2022-23	2021-22	2022-23	2021-22
	(In ₹ Lacs)	(In ₹ Lacs)	(In ₹ Lacs)	(In ₹ Lacs)
Current service cost	46.20	34.05	50.41	34.73
Interest cost on benefit obligation	20.00	16.18	7.51	4.72
Net actuarial (gain)/ loss recognized in the period	28.99	(7.54)	8.62	(4.78)
Net benefit expenses recognized in the Profit and Loss a/c	95.19	42.69	66.54	34.67



Spray Engineering Devices Limited
Notes to Consolidated Financial Statements for the Year Ended 31 March 2023

Balance Sheet

Details of Provision for gratuity

Particulars	Gratuity		Leave Encashment	
	2022-23	2021-22	2022-23	2021-22
	(In ₹ Lacs)	(In ₹ Lacs)	(In ₹ Lacs)	(In ₹ Lacs)
Present value of Defined benefit obligation	353.16	266.68	164.02	100.08
Less: Unrecognized past service cost	-	-	-	-
Net asset/ (liability) recognized in the balance sheet				
Long term :	(316.19)	(240.55)	(143.91)	(89.63)
Short term :	(36.97)	(26.13)	(20.11)	(10.45)

Note: The above plans are non-funded.

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

Particulars	Gratuity		Leave Encashment	
	2022-23	2021-22	2022-23	2021-22
	(In ₹ Lacs)	(In ₹ Lacs)	(In ₹ Lacs)	(In ₹ Lacs)
Opening defined benefit obligation	266.68	226.23	100.08	65.96
Interest cost	20.00	16.18	7.51	4.72
Current service cost	46.20	34.05	50.41	34.73
Benefit paid	(8.71)	(2.25)	(2.60)	(0.55)
Actuarial (gains)/ losses on obligation	28.99	(7.54)	8.62	(4.78)
Closing defined benefit obligation	353.16	266.68	164.02	100.08

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

Particulars	2022-23	2021-22
	(%)	(%)
Discount rate	7.50	7.15
Expected Increase in Compensation cost	7.00	7.00
Attrition	10.00	10.00



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Spray Engineering Devices Limited

Notes to Consolidated Financial Statements for the Year Ended 31 March 2023

Note:

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

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

Particulars	Gratuity				
	2022-23 (In ₹ Lacs)	2021-22 (In ₹ Lacs)	2020-21 (In ₹ Lacs)	2019-20 (In ₹ Lacs)	2018-19 (In ₹ Lacs)
Defined benefit obligation	353.16	266.68	226.23	191.25	175.12
Plan assets	-	-	-	-	-
Surplus/(deficit)	(353.16)	(266.68)	(226.23)	(191.25)	(175.12)
Actuarial (gain)/loss on Defined benefit obligation	28.99	(7.54)	(2.62)	(7.75)	(20.23)
Actuarial (gain)/loss on plan assets	-	-	-	-	-

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

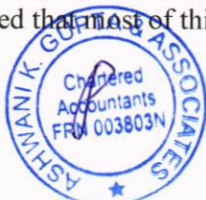
Provision for warranties

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

Warranty Provision	2022-23 (In ₹ Lacs)	2021-22 (In ₹ Lacs)
Opening Balance	49.72	32.60
Additions/Adjustments during the year	44.09	50.98
Less: - Amounts used during the year	18.27	33.86
Closing Balance	75.54	49.72

Provision for performance

A provision is recognized based on management's estimate for expected performance claims on products sold. It is expected that most of this cost will be incurred over the performance period given



Spray Engineering Devices Limited

Notes to Consolidated Financial Statements for the Year Ended 31 March 2023

as per performance terms. Assumption used to calculate the provision for performances were based on current year sales level and the expected failure in respect of defectives.

Performance Provision	2022-23 (In ₹ Lacs)	2021-22 (In ₹ Lacs)
Opening Balance	86.39	44.85
Additions during the year	0.00	86.39
Less: - Amounts used during the year	3.17	44.85
Closing Balance	83.22	86.39

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

Particulars	Currency	2022-23			2021-22		
		Amount in Foreign currency	Exchange Rate	(In ₹ Lacs)	Amount in Foreign currency	Exchange Rate	(In ₹ Lacs)
Trade receivables	USD	78311	81.95	64.17	167726	75.20	126.13
Trade Payables	USD	715136	83.70	598.57	-	-	-
	EURO	9375	89.35	8.38	-	-	-

36. Segmental Reporting

Identification of Segments

Primary Segments - Business Segment

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

Information pertaining to Secondary Segment

Revenue as per Geographical Locations

Particulars	2022-23 (In ₹ Lacs)	2021-22 (In ₹ Lacs)
Within India	32964.04	21216.59
Outside India	6297.76	277.82
Total	39261.80	21494.41



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Spray Engineering Devices Limited

Notes to Consolidated Financial Statements for the Year Ended 31 March 2023

Debtors as per Geographical Locations

Particulars	2022-23	2021-22
	(In ₹ Lacs)	(In ₹ Lacs)
Within India	5944.00	4164.08
Outside India	64.17	126.13
Total	6008.17	4290.21

Property, Plant & Equipment as per Geographical Locations: -

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

37. Aggregate Consumption of Raw Material & Components (Imported & Indigenous)

	2022-23		2021-22	
	% of Total	Value (In ₹ Lacs)	% of Total	Value (In ₹ Lacs)
Raw Material				
Imported	1.92	489.98	1.62	238.64
Indigenous	98.08	24966.13	98.38	14446.67
Total	100.00	25456.11	100.00	14685.31
STORES& SPARES				
Imported	16.65	33.05	0.00	-
Indigenous	83.35	165.42	100.00	96.92
Total	100.00	198.47	100.00	96.92

38. Value of Imports Calculated on CIF basis

Particulars	2022-23	2021-22
	(In ₹ Lacs)	(In ₹ Lacs)
Raw Material, Components & Spares	482.57	354.93
Capital Goods	153.19	108.13
Total	635.76	463.06

39. Earning in Foreign Exchange (on accrual basis):

Particulars	2022-23	2021-22
	(In ₹ Lacs)	(In ₹ Lacs)
Export of Goods (FOB Value basis)	6137.01	259.74
Export of Services	160.75	18.08
Total	6297.76	277.82



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Spray Engineering Devices Limited
Notes to Consolidated Financial Statements for the Year Ended 31 March 2023

40. Expenditure in Foreign Currency (on accrual basis):

Particulars	2022-23	2021-22
	(In ₹ Lacs)	(In ₹ Lacs)
Foreign Travel	2.08	2.69
Commission	329.30	21.43
Bank Charges	0.00	0.00
Others	7.56	5.70
Total	338.94	29.82

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

Name of the enterprises	Net Assets (Total Assets minus Total Liabilities)		Share in profit & Loss	
	As % of consolidated Net Assets	Net Assets	As % of consolidated (Profit)/ Loss	(Profit)/ Loss
Parent				
Spray Engineering Devices Limited	112.50%	7172.98	98.95%	3304.47
Direct Subsidiary				
SED Engineers & Fabricators Private Limited	(13.39)%	(854.55)	0.55%	18.49
Sustainable Environment Developers Limited	0.57%	36.65	0.50%	16.84
Associate				
IPRO Sugar Engineering Private Limited	0.32%	20.70	(0.00)%	(0.17)
Subtotal	100.00%	6375.78	100.00%	3339.63
<i>Adjustment arising out of consolidation</i>		683.91		0.00
Total		7059.69		3339.63

42. Out of the total trade receivables, the company has made an application in National Company Law Tribunal/other legal forums for recovery of Principal amount of Rs.737.24 Lacs along with Interest thereon from four of its debtors. Out of this, an amount of Rs. 100.00 lacs has been recovered during the current financial year 2022-23 and for the recovery of balance amount the company is pursuing the legal recourse.



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Spray Engineering Devices Limited

Notes to Consolidated Financial Statements for the Year Ended 31 March 2023

43. Companies considered in the consolidated financial statements:

a) Subsidiaries:

Name of the Company	Held Through	Date of Becoming Subsidiary	Country of Incorporation	% Voting Power held as on 31.03.2023	% Voting Power held as on 31.03.2022
SED Engineers & Fabricators Private Limited	1	6-Sep-2006	India	100%	100%
Sustainable Environment Developers Limited	1	18-Mar-2008	India	100%	100%

b) Associates:

Name of the Company	Held Through	Country of Incorporation	% Voting Power held as on 31.03.2023	% Voting Power held as on 31.03.2022
IPRO Sugar Engineering Private Limited	1	India	49.994%	49.994%

44. Additional Regulatory Information

- (a) Title deeds of all the immovable properties (other than properties where the company is the lessee and lease agreements are duly executed in favour of the lessee) are held in the name of the Group. Further, the Group does not held any immovable property jointly with others.
- (b) The Group has not revalued its Property, Plant and Equipment during the financial year 2022-23. Therefore, the disclosure as to whether the revaluation is based on the valuation by a registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules,2017 is not required.
- (c) The company has not granted any Loan or Advances in the nature of loans to Promoters, directors ,KMPs and related parties (as defined under the companies Act,2013) either severally or jointly with any other person, that are :
- Repayable on demand or
 - Without specifying any terms or period of repayment

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



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Spray Engineering Devices Limited

Notes to Consolidated Financial Statements for the Year Ended 31 March 2023

Directors	Nil	Nil
KMPs	Nil	Nil
Related Parties	Nil	Nil

- (d) No proceedings have been initiated or pending against the Group for holding any benami property under the Benami Transactions(Prohibitions) Act,1988 and rules made thereunder.
- (e) The Holding company has borrowed working capital facilities from Canara Bank and Bank of India on the basis of security of current assets and the monthly returns or statements of current assets filed with the said banks are in agreement with the books of accounts.
- (f) The Group is not declared by any bank or financial institution or other lender as a wilful defaulter.
- (g) The Group has not entered into any transaction with the companies struck off under section 248 of the companies Act,2013.
- (h) The Group has filed registration of charges or satisfaction with the Registrar of companies within the statutory period as per the Companies Act,2013.
- (i) The Group has not traded or invested in crypto currency or virtual currency during the financial year.
45. Figures of the previous year have been regrouped, reclassified and/or rearranged wherever necessary, to conform with the current year's presentation.

As per report of even date

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



Paras Gupta
Partner

Membership No.:546125
UDIN: 23546125BGVWEC1525



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



Vivek Verma
Chairman & Managing
Director
DIN : 00032970



Prateek Verma
Whole-time Director
DIN : 00024740



Manoj Gupta
Chief Financial Officer



Rinkal Goyal
Company Secretary
Membership No. F11321

Place: Mohali

Date : September 04,2023