

SORAB S. ENGINEER & CO. (Regd.)
CHARTERED ACCOUNTANTS

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ASHRAM ROAD,
AHMEDABAD-380 009

INDEPENDENT AUDITOR'S REPORT

To the Members of The Anup Engineering Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **The Anup Engineering Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018 and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Change in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes

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evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2018, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

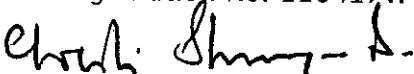
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its Ind AS financial position in its Ind AS financial statements – Refer Note 25 to the financial

SORAB S. ENGINEER & CO. (Regd.)

statements;

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amount, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm Registration No. 110417W


CA. Chokshi Shreyas B.

Partner
Membership No. 100892

Ahmedabad

01 MAY 2018

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SORAB S. ENGINEER & CO. (Regd.)

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF THE ANUP ENGINEERING LIMITED

Referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" of our Independent Auditor's Report of even date,

- (i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - (b) As explained to us, the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.
 - (c) The title deeds of immovable properties are held in the name of the Company
- (ii) As explained to us, physical verification of inventory has been conducted at reasonable intervals by the management and the discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the Company, and the same have been properly dealt with in the books of account.
- (iii) The Company has not granted secured / unsecured loans to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Consequently, requirements of clause (iii) of paragraph 3 of the order are not applicable.
- (iv) The Company has not advanced any loan or given any guarantee or provided any security or made any investment covered under section 185 and 186 of the Act. Consequently, requirements of clause (iv) of paragraph 3 of the order are not applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) The provisions of maintenance of cost records specified by the Central Government under sub section (1) of section 148 of the Companies Act, 2013 mentioned in clause (vi) of paragraph 3 of the order are not applicable.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value added tax, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of outstanding statutory dues were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, there are no amounts payable as on March 31, 2018 on account of any dispute.


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SORAB S. ENGINEER & CO. (Regd.)

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks.
- (ix) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer. However, the term loans obtained during the year were, *prima facie*, applied by the Company for the purpose for which they were raised, other than temporary deployment pending application.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not paid any managerial remuneration during the year under review. Consequently, requirements of Clause (xi) of paragraph 3 of the order are not applicable.
- (xii) The Company is not a Nidhi Company. Consequently, requirements of clause (xii) of paragraph 3 of the order are not applicable.
- (xiii) To the best of our knowledge and belief and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the Ind AS financial statements etc. as required by the applicable accounting standards.
- (xiv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Consequently, requirements of clause (xiv) of paragraph 3 of the order are not applicable.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the nature of the business, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm Registration No. 110417W


CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Ahmedabad

01 MAY 2018

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ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF THE ANUP ENGINEERING LIMITED

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 The Anup Engineering Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The 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 (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 Ind AS financial statements, whether due to fraud or error.

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

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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 Ind AS 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 Ind AS 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 Ind AS 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, 2018, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm Registration No. 110417W



CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Ahmedabad

01 MAY 2018

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The Anup Engineering Limited
Balance Sheet as at March 31, 2018

Particulars	Notes	As at March 31, 2018 Rupees	As at March 31, 2017 Rupees
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	5	1,00,23,21,183	82,12,56,059
(b) Capital work in progress	5	21,64,444	-
(c) Intangible assets	6	12,56,882	24,74,925
(d) Financial assets			
(i) Loans	7	40,00,00,000	50,01,97,260
(ii) Other financial assets	7	64,39,148	20,27,700
Total non-current assets		1,41,21,81,657	1,32,59,55,944
II. Current assets			
(a) Inventories	9	35,30,42,385	21,83,95,565
(b) Financial assets			
(i) Trade receivables	7	96,66,67,303	51,71,05,548
(ii) Cash and cash equivalents	7	42,50,518	3,77,936
(iii) Bank balance other than (iii) above	7	17,62,213	1,65,39,445
(iv) Loans	7	5,26,77,061	6,12,37,065
(v) Others financial assets	7	-	25,000
(c) Other current assets	8	11,61,63,337	5,08,19,685
Total current assets		1,49,45,62,817	86,45,00,244
Total Assets		2,90,67,44,474	2,19,04,56,188
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	13,60,00,000	13,60,00,000
Other equity	12	1,97,66,39,439	1,55,06,45,074
Total equity		2,11,26,39,439	1,68,66,45,074
LIABILITIES			
I. Non-current liabilities			
(a) Long-term provisions	14	70,17,912	60,36,585
(b) Deferred tax liabilities (net)	24	10,60,45,473	17,46,34,763
Total non-current liabilities		11,30,63,385	18,06,71,348
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	-	3,89,92,960
(ii) Trade payables	13	59,02,43,480	14,85,70,419
(iii) Other financial liabilities	13	17,58,704	16,01,181
(b) Other current liabilities	15	7,73,16,608	12,89,58,584
(c) Short-term provisions	14	16,64,819	20,62,568
(e) Current tax liabilities (net)	10	1,00,58,039	29,54,054
Total current liabilities		68,10,41,650	32,31,39,766
Total equity and liabilities		2,90,67,44,474	2,19,04,56,188

Summary of significant accounting policies

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

As per our report of even date
For, Sorab S. Engineer & Co.
Chartered Accountants
Firm's Registration No. 110417W
CA. Chokshi Shreyas B.
Partner
Membership No. 100892
Place : Ahmedabad
Date : May 01, 2018

For and on behalf of the board of directors of
The Anup Engineering Limited

Chairman
Chief Financial Officer

Director
Company Secretary

The Anup Engineering Limited
Statement of profit and loss for the year ended March 31, 2018

Particulars	Notes	Year ended March 31, 2018 Rupees	Year ended March 31, 2017 Rupees
Income			
Revenue from operations			
Sale of Products	16	2,15,51,62,533	1,76,84,55,768
Sale of Services	16	1,63,20,689	4,07,34,215
Operating Income	16	5,32,46,676	1,58,79,079
Revenue from operations		2,22,47,29,898	1,82,50,69,062
Other income	17	4,24,98,481	6,02,60,925
Total income (I)		2,26,72,28,379	1,88,53,29,987
Expenses			
Cost of raw materials and accessories consumed	18	1,14,36,22,745	74,50,24,555
Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	(93,05,932)	(2,58,24,725)
Employee benefits expense	20	11,48,21,721	10,33,52,762
Finance costs	21	19,02,015	1,17,15,754
Depreciation and amortisation expense	22	3,13,06,803	3,38,06,322
Other expenses	23	44,84,93,463	52,68,39,850
Total expenses (II)		1,73,08,40,815	1,39,49,14,518
Profit/(loss) before exceptional items and tax (III=I-II)		53,63,87,564	49,04,15,469
Exceptional items (IV)		-	-
Profit before tax (V) = (III-IV)		53,63,87,564	49,04,15,469
Tax expense			
Current tax	24	18,10,00,000	17,45,00,000
(Excess)/short provision for taxation related to earlier years	24	12,167	(54,790)
Deferred tax	24	(6,89,44,144)	(23,19,259)
Total tax expense (VI)		11,20,68,023	17,21,25,951
Profit for the year (VII) = (V-VI)		42,43,19,541	31,82,89,518
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on defined benefit	12	12,18,591	(4,04,075)
Income tax effect	24	(3,54,854)	1,39,842
Net other comprehensive income not to be reclassified to profit or loss in subsequent year		8,63,737	(2,64,233)
Total other comprehensive income for the year, net of tax (VIII)		8,63,737	(2,64,233)
Total comprehensive income for the year, net of tax (VII+VIII)		42,51,83,278	31,80,25,285
Earning per equity share			
Basic	30	31.20	23.40
Diluted	30	31.04	23.40
Summary of significant accounting policies	3		

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

As per our report of even date
For, Sorab S. Engineer & Co.
Chartered Accountants
Firm's Registration No. 110417W

Chokshi Shreyas B.

CA. Chokshi Shreyas B.
Partner

Membership No. 100892
Place : Ahmedabad
Date : May 01, 2018

For and on behalf of the board of directors of
The Anup Engineering Limited

[Signature]
Chairman

[Signature]
Chief Financial Officer

[Signature]
Director

[Signature]
Company Secretary

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The Anup Engineering Limited
Statement of cash flows for the year ended March 31, 2018

Particulars	Rupees	
	Year ended March 31, 2018	Year ended March 31, 2017
A Operating activities		
Profit Before taxation	53,63,87,564	49,04,15,469
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation /Amortization	3,13,06,803	3,38,06,322
Interest Income	(4,12,43,502)	(5,82,21,388)
Interest and Other Borrowing Cost	19,02,015	1,17,15,754
Sundry Debit Written off	96,354	1,25,99,246
Sundry Credit Balances Appropriated	(3,17,887)	(13,39,912)
Share based payment expense	8,11,088	-
Loss on Sale of Tangible/Intangible assets	89,136	95,275
Operating Profit before Working Capital Changes	(73,55,993)	(13,44,703)
Working Capital Changes:	52,90,31,571	48,90,70,766
Changes in Inventories	(13,46,46,820)	(8,07,87,372)
Changes in trade payables	44,19,90,948	6,40,243
Changes in other current liabilities	(5,16,41,976)	5,62,85,222
Changes in other financial liabilities	1,57,523	2,02,223
Changes in provisions	18,02,169	14,98,347
Changes in trade receivables	(44,96,58,109)	(8,34,79,236)
Changes in other current assets	(6,53,43,652)	(2,12,68,434)
Changes in other financial assets	(43,86,448)	29,500.00
Changes in Other Bank Balances	1,47,77,232	2,82,87,843
Net Changes in Working Capital	(24,69,49,133)	(9,85,91,664)
Cash Generated from Operations	28,20,82,438	39,04,79,102
Direct Taxes paid (Net of Income Tax refund)	(17,39,08,181)	(17,07,75,304)
Net Cash from Operating Activities	10,81,74,257	21,97,03,798
B Cash Flow from Investing Activities		
Purchase of tangible/intangible assets	(30,12,09,956)	(4,28,97,832)
Sale of tangible assets	8,78,02,490	8,12,244
Changes in Loans given	10,87,57,264	(10,13,18,065)
Interest Income	4,12,43,502	5,82,21,388
Net cash flow from Investing Activities	(6,34,06,700)	(8,51,82,265)
C Cash Flow from Financing Activities		
Changes in short term borrowings	(3,89,92,960)	(12,26,28,258)
Interest and Other Borrowing Cost Paid	(19,02,015)	(1,17,15,754)
Net Cash flow from Financing Activities	(4,08,94,975)	(13,43,44,012)
Net Increase/(Decrease) in cash & cash equivalents	38,72,582	1,77,521
Cash & Cash equivalent at the beginning of the period	3,77,936	2,00,415
Cash & Cash equivalent at the end of the period	42,50,518	3,77,936

Particulars	Rupees	
	Year ended March 31, 2018	Year ended March 31, 2017
Cash and cash equivalents comprise of: (Note 7(c))		
Cash on Hand		
Foreign Currency on Hand	33,023	67,756
Balances with Banks	42,612	74,797
Cash and cash equivalents	41,74,883	2,35,383
	42,50,518	3,77,936

As per our report of even date attached
For, Sorab S. Engineer & Co.
Firm Registration No. 110417W
Chartered Accountants
CA. Chokshi Shreyas B.
Partner
Membership No. 100892

For and on behalf of the board of directors of
The Anup Engineering Limited

Chairman

Chief Financial Officer

Director

Company Secretary

Place: Ahmedabad
Date : May 01, 2018

The Anup Engineering Limited
Statement of changes in Equity for the year ended March 31, 2018

A. Equity share capital

Balance	Rupees
	Note 11
As at April 1, 2016	3,40,00,000
Issue of Bonus Shares	10,20,00,000
As at March 31, 2017	13,60,00,000
Issue of Shares	-
As at March 31, 2018	13,60,00,000

B. Other equity

Particulars	Attributable to the equity holders				Rupees
	Securities premium	General Reserve	Share based payment reserve	Retained Earnings	Total equity
	Note 12	Note 12	Note 12	Note 12	
Balance as at April 1, 2016	1,920	70,01,075	-	1,32,76,16,794	1,33,46,19,789
Profit for the year	-	-	-	31,82,89,518	31,82,89,518
Other comprehensive income for the year	-	-	-	(2,64,233)	(2,64,233)
Total Comprehensive income for the year	-	-	-	31,80,25,285	31,80,25,285
Utilised for Bonus Issue	(1,920)	(70,01,075)	-	(9,49,97,005)	(10,20,00,000)
Balance as at March 31, 2017	-	-	-	1,55,06,45,074	1,55,06,45,074
Balance as at April 1, 2017	-	-	-	1,55,06,45,074	1,55,06,45,074
Profit for the year	-	-	-	42,43,19,541	42,43,19,541
Other comprehensive income for the year	-	-	-	8,63,737	8,63,737
Total Comprehensive income for the year	-	-	-	42,51,83,277	42,51,83,277
Share based payments	-	-	8,11,088	-	8,11,088
Balance as at March 31, 2018	-	-	8,11,088	1,97,58,28,351	1,97,66,39,439

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

As per our report of even date

For, Sorab S. Engineer & Co.
Chartered Accountants
Firm's Registration No. 110417W

Chokshi Shreyas B.
CA. Chokshi Shreyas B.
Partner
Membership No. 100892
Place : Ahmedabad
Date : May 01, 2018

For and on behalf of the Board of Directors of
The Anup Engineering Limited

[Signature]
Chairman
[Signature]
Chief Financial Officer

[Signature]
Director
[Signature]
Company Secretary

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NOTES TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

1. Corporate Information

Incorporated in the year 1962 by conversion of M/s. Hind Laboratories under Chapter IX of the Companies Act, 1956, M/s. The Anup Engineering Ltd. (Anup) is engaged in manufacturing and fabrication of process equipments required for Chemicals, Petrochemicals, Pharmaceuticals, Fertilizers, Drugs and other allied industries, The Company is a member of Lalbhai Group of Companies, prominent player in Textile and Chemical Industry.

The financial statements were authorised for issue in accordance with a resolution of the directors on May 01, 2018.

2. Statement of Compliance and Basis of Preparation

2.1 Compliance with Ind AS

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

2.2 Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the followings:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);
- Defined benefit plans – plan assets measured at fair value;
- Value in Use

2.3 Rounding of amounts

The financial statements are presented in INR and all values are rounded to the nearest rupee as per the requirement of Schedule III.

3. Summary of Significant Accounting Policies

The following are the significant accounting policies applied by the Company in preparing its financial statements consistently to all the periods presented:

3.1. Current versus non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Operating cycle

Operating cycle of the Company is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. As the Company's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

3.2. Use of estimates and judgements

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Difference between actual results and estimates are recognised in the period in which the results are known / materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

3.3. Foreign currencies

The Company's financial statements are presented in INR, which is also the Company's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement of such transaction and on translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

3.4. Fair value measurement

The Company measures financial instruments such as derivatives and Investments at fair value at the end of each reporting period.

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

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and for non-recurring measurement, such as asset held for sale.

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable on yearly basis.

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

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Significant accounting judgements, estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Property, plant and equipment & Intangible assets measured at fair value on the date of transition
- Investment properties

- Financial instruments (including those carried at amortised cost)

3.5. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The Company adjusts exchange differences arising on translation difference / settlement of long-term foreign currency monetary items outstanding as at March 31, 2016, pertaining to the acquisition of a depreciable asset, to the cost of asset and depreciates the same over the remaining life of the asset.

Borrowing cost relating to acquisition / construction of fixed assets which take 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.

Capital work-in-progress comprises cost of fixed assets that are not yet installed and ready for their intended use at the balance sheet date.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

Depreciation

Depreciation on property, plant and equipment is provided so as to write off the cost of assets less residual values over their useful lives of the assets, using the straight line method as prescribed under Part C of Schedule II to the Companies Act 2013 except for Plant and Machinery other than Lab equipment and Leasehold Improvements.

When parts of an item of property, plant and equipment have different useful life, they are accounted for as separate items (Major Components) and are depreciated over their useful life or over the remaining useful life of the principal assets whichever is less.

The management believes that the useful life as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II to the Companies Act 2013.

Depreciation for assets purchased/sold during a period is proportionately charged for the period of use.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.6. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.7. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the Statement of Profit and Loss in the period in which expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Amortisation

Software is amortized over management estimate of its useful life of 5 years or License Period whichever is lower and Patent/Knowhow is amortized over its useful validity period of 5 years.

3.8. Inventories

Inventories of Raw material, Work-in-progress, Finished goods and Stock-in-trade are valued at the lower of cost and net realisable value. However, Raw material 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.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.

All other inventories of stores, consumables, project material at site are valued at cost or net realisable value, whichever is less. The stock of waste is valued at net realisable value. Excise duty wherever applicable is provided on finished goods lying within the factory and bonded warehouse at the end of the year. Goods in transit and in Bonded Warehouse stocks are stated at actual cost up to the date of the Balance Sheet.

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

3.9. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses, including impairment on inventories, are recognised in the Statement of Profit and Loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.



For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

3.10. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with dispatch. Revenue from export sales are recognized on shipment basis. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable including excise duty, net of returns and allowances, trade discounts and volume rebates.

Rendering of services

Revenue from job work services is recognized based on the services rendered in accordance with the terms of contracts.

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit or loss.

3.11. Financial instruments – initial recognition and subsequent measurement

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

a) Financial assets

(i) Initial recognition and measurement of financial assets

All financial assets, except investment in subsidiaries and joint ventures, are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

(ii) Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

- **Financial assets at amortised cost :**

A financial asset is measured at amortised cost if:

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

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

- **Financial assets at fair value through other comprehensive income**

A financial asset is measured at fair value through other comprehensive income if:

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

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive

income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

- **Financial assets at fair value through profit or loss**

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

After initial measurement, such financial assets are subsequently measured at fair value with all changes recognised in Statement of profit and loss.

- **Equity instruments:**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L

(iii) Derecognition of financial assets

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial asset expire,
or
- The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(iv) Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for.

Original classification	Revised classification	Accounting treatment
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Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

(v) Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are debt instruments and are measured as at FVTOCI
- Lease receivables under Ind-AS 17
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- Loan commitments which are not measured as at FVTPL
- Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 11 and Ind AS 18, if they do not contain a significant financing component
- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 11 and Ind AS 18 that contain a significant financing component, if the Company applies practical expedient to ignore separation of time value of money, and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected in a separate line under the head "Other expenses" in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

b) Financial Liabilities

(i) Initial recognition and measurement of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

(ii) Subsequent measurement of financial liabilities

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognised in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

- **Loans and Borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

(iii) Derecognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognised from its balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

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

c) **Offsetting of financial instruments**

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

3.12. Cash and cash equivalent

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.13. Export incentives

Export Incentive

Export incentives under various schemes notified by government are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.


3.14. Taxes

Tax expense comprises of current income tax and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside Statement of profit and loss is recognised outside Statement of profit and loss. Current income tax are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside Statement of profit and loss is recognised outside Statement of profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

The Company recognizes tax credits in the nature of MAT credit as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward. In the year in which the Company recognizes tax credits as an asset, the said asset is created by way of tax credit to the Statement of profit and loss. The Company reviews such tax credit asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period. Deferred tax includes MAT tax credit.

3.15. Employee Benefits

a) Short Term Employee Benefits

All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, exgratia, performance pay etc. and the same are recognised in the period in which the employee renders the related service.

b) Post-Employment Benefits

(i) Defined benefit plan

The employee's gratuity fund scheme is Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on the net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

c) Other long term employment benefits:

The employee's long term compensated absences are Company's defined benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit

Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation, to recognise the obligation on the net basis.

3.16. Earnings per share

Basic EPS is calculated by dividing the profit / loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit / loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.17. Dividend distribution

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

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the Statement of Profit and Loss.

3.18. Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning liability

The Company records a provision for decommissioning costs of a manufacturing facility for the production of its goods. Decommissioning costs are provided at the present value of expected costs to settle the obligation, to the extent ascertainable, using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the

statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

3.19. Non-current assets held for sale/ distribution to owners and discontinued operations

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised.

A disposal Company qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.



4. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

4.1. Estimates and assumption

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit plans

The cost of the defined benefit plans and other post-employment benefits and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country.

Further details about defined benefit obligations are provided in Note 28.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 32 for further disclosures.

Allowance for uncollectible trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balance and historical experience. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible. The carrying amount of allowance for doubtful debts is Rs. Nil (March 31, 2016 : Rs. Nil and April 1, 2015 : Rs. Nil).

Taxes

Deferred tax assets are recognised for unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company has taxable temporary difference and tax planning opportunities available that could partly support the recognition of these credits as deferred tax assets. On this basis, the Company has determined that it can recognise deferred tax assets on the tax credits carried forward.

Further details on taxes are disclosed in Note 24.

Intangible assets

Refer Note 3.7 for the estimated useful life of Intangible assets. The carrying value of Intangible assets has been disclosed in Note 6.

Property, plant and equipment

Refer Note 3.5 for the estimated useful life of Property, plant and equipment. The carrying value of Property, plant and equipment has been disclosed in Note 5.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.



Note 5 : Property, plant and equipment

Fixed Assets	Freehold land		Leasehold land		Buildings		Plant & machinery		Furniture & fixture		Vehicles		Office equipment		Computer, server & network		Total		Rupees	
																			Capital Work in Progress	
Gross Carrying Value																				
As at April 1, 2016	5,72,208	49,17,59,100	12,44,06,287	21,05,78,058	47,92,866	63,87,982	23,71,174	13,50,764	84,22,18,439											
Additions	-	-	-	2,96,86,401	20,91,146	74,85,166	15,84,510	5,80,609	4,14,27,832											
Deductions	-	-	-	-	6,89,188	3,63,372	1,21,698	-	-											
As at March 31, 2017	5,72,208	49,17,59,100	12,44,06,287	24,02,64,459	61,94,824	1,35,09,776	38,33,986	19,31,373	88,24,72,013											
Additions	-	-	4,19,91,813	24,59,97,036	4,87,745	75,92,832	7,08,809	22,80,728	29,90,58,963											
Deductions	-	-	-	13,33,55,039	49,215	2,70,000	2,61,170	14,811	13,39,50,235											
As at March 31, 2018	5,72,208	49,17,59,100	16,63,98,100	35,29,06,456	66,33,354	2,08,32,608	42,81,625	41,97,290	1,04,75,80,741											
Depreciation and Impairment																				
As at April 1, 2016		17,22,249	34,04,722	2,20,50,620	7,12,006	2,18,098	4,57,293	3,79,555	2,89,44,543											
Depreciation for the year	-	17,22,249	34,03,132	2,44,19,168	6,74,092	13,09,947	6,02,195	4,07,367	3,25,38,150											
Deductions	-	-	-	-	49,207	1,69,120	48,412	-	-											
As at March 31, 2017	-	34,44,498	68,07,854	4,64,69,788	13,36,891	13,58,925	10,11,076	7,86,922	6,12,15,954											
Depreciation for the year	-	17,22,249	28,87,205	2,16,28,123	5,33,576	16,62,518	7,27,429	9,27,660	3,00,88,760											
Deductions	-	-	-	4,58,26,765	10,245	1,23,615	81,914	14,070	4,60,58,609											
As at March 31, 2018	-	51,66,747	96,95,059	2,22,80,062	18,60,222	28,95,828	16,61,128	17,00,512	4,52,59,558											
Net Carrying Value																				
As at March 31, 2018	5,72,208	48,65,92,353	15,67,03,041	33,06,26,394	47,73,132	1,79,36,780	26,20,497	24,96,778	1,00,23,21,183											
As at March 31, 2017	5,72,208	48,83,14,602	11,75,98,433	19,37,94,671	48,57,933	1,21,50,851	28,22,910	11,44,451	82,12,56,059											

The Anup Engineering Limited
Notes to the Financial Statements

Note 6 : Intangible assets

	Rupees		
Intangible assets	Computer Software	Patent & Technical knowhow	Total
Gross Carrying Value			
As at April 1, 2016	29,49,852	11,36,287	40,86,139
Additions	14,70,000	-	14,70,000
Deductions	-	-	-
As at March 31, 2017	44,19,852	11,36,287	55,56,139
Additions	-	-	-
Deductions	-	-	-
As at March 31, 2018	44,19,852	11,36,287	55,56,139
Amortisation and Impairment			
As at April 1, 2016	13,99,846	4,13,196	18,13,042
Amortisation for the Year	8,54,976	4,13,196	12,68,172
Deductions	-	-	-
As at March 31, 2017	22,54,822	8,26,392	30,81,214
Amortisation for the Year	11,14,745	1,03,298	12,18,043
Deductions	-	-	-
As at March 31, 2018	33,69,567	9,29,690	42,99,257
Net Carrying Value			
As at March 31, 2018	10,50,285	2,06,597	12,56,882
As at March 31, 2017	21,65,030	3,09,895	24,74,925

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The Anup Engineering Limited
Notes to the Financial Statements

Note 7 : Financial assets

7 (a) Trade receivables

Particulars	As at March 31, 2018 Rupees	As at March 31, 2017 Rupees
Current		
Unsecured, considered good	96,66,67,303	51,71,05,548
Less : Allowance for doubtful debts	-	-
	<u>96,66,67,303</u>	<u>51,71,05,548</u>
Total Trade receivables	96,66,67,303	51,71,05,548

Allowance for doubtful debts

Allowance for doubtful debts based on the lifetime expected credit loss model using provision matrix Rs Nil (Previous year Rs. Nil)

7 (b) Loans

Particulars	As at March 31, 2018 Rupees	As at March 31, 2017 Rupees
Non-current		
Loans to related parties	40,00,00,000	50,01,97,260
	<u>40,00,00,000</u>	<u>50,01,97,260</u>
Current		
Unsecured considered good		
Loans to related parties	5,26,77,061	6,12,37,065
	<u>5,26,77,061</u>	<u>6,12,37,065</u>
Total Loans	45,26,77,061	56,14,34,325

For terms & condition of loans to related party, refer Note 29.

7 (c) Cash and cash equivalent

Particulars	As at March 31, 2018 Rupees	As at March 31, 2017 Rupees
Balance with Bank		
Current accounts and debit balance in cash credit accounts	41,74,883	2,35,383
Cash on hand	33,023	67,756
Foreign Currency on Hand	42,612	74,797
Total cash and cash equivalents	42,50,518	3,77,936

7 (d) Other bank balance

Particulars	As at March 31, 2018 Rupees	As at March 31, 2017 Rupees
Unpaid dividend accounts	44,710	78,270
Held as Margin Money*	17,17,503	1,64,61,175
Total other bank balances	17,62,213	1,65,39,445

* Under lien with bank as Security for Guarantee Facility

7 (e) Other financial assets

Particulars	As at March 31, 2018 Rupees	As at March 31, 2017 Rupees
Non-current		
Security deposits	64,39,148	20,27,700
	<u>64,39,148</u>	<u>20,27,700</u>
Current		
Security deposits	-	25,000
	<u>-</u>	<u>25,000</u>
Total other financial assets	64,39,148	20,52,700

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7 (g) Financial assets by category

Particulars	FVTPL	FVOCI	Rupees
			Amortised cost
March 31, 2018			
Trade receivables		-	96,66,67,303
Loans		-	45,26,77,061
Cash & cash equivalents		-	42,50,518
Other bank balances		-	17,62,213
Other financial assets		-	64,39,148
Total Financial assets		-	1,43,17,96,243
March 31, 2017			
Trade receivables		-	51,71,05,548
Loans		-	56,14,34,325
Cash & cash equivalents		-	3,77,936
Other bank balances		-	1,65,39,445
Other financial assets		-	20,52,700
Total Financial assets		-	1,09,75,09,954

For Financial instruments risk management objectives and policies, refer Note 35.
Fair value disclosures for financial assets and liabilities are in Note 33.

Note 8 : Other assets

Particulars	As at March 31, 2018	As at March 31, 2017
	Rupees	Rupees
Current		
Advance to suppliers	1,96,44,498	2,46,06,566
Balance with collectorate of central excise and customs	1,19,762	1,03,55,004
GST/ Sales tax / VAT / Cenvat receivable	6,80,20,002	2,78,030
Export incentive receivable	1,57,99,601	70,07,680
Prepaid expenses	53,33,379	25,18,289
Other Current Assets	72,46,095	60,54,116
Total	11,61,63,337	5,08,19,685

Note 9 : Inventories (At lower of cost and net realisable value)

Particulars	As at March 31, 2018	As at March 31, 2017
	Rupees	Rupees
Raw materials	20,37,67,562	8,70,76,765
Work-in-progress	12,34,36,994	11,35,43,269
Finished goods	1,39,569	7,27,362
Stores and spares	2,56,98,260	1,70,48,169
Total	35,30,42,385	21,83,95,565

Note 10 : Current Tax (Liability) (Net)

Particulars	As at March 31, 2018	As at March 31, 2017
	Rupees	Rupees
Provision (Net of Advance Tax)	(1,00,58,039)	(29,54,054)
Total	(1,00,58,039)	(29,54,054)

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Note 11 : Equity share capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Rupees	No. of shares	Rupees
Authorised share capital				
Equity shares of Rs.10 each	1,50,00,000	15,00,00,000	1,50,00,000	15,00,00,000
Issued and subscribed share capital				
Equity shares of Rs.10 each	1,36,00,000	13,60,00,000	1,36,00,000	13,60,00,000
Subscribed and fully paid up				
Equity shares of Rs.10 each	1,36,00,000	13,60,00,000	1,36,00,000	13,60,00,000
Total	1,36,00,000	13,60,00,000	1,36,00,000	13,60,00,000

11.1. Reconciliation of shares outstanding at the beginning and at the end of the Reporting period

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Rupees	No. of shares	Rupees
At the beginning of the year	1,36,00,000	13,60,00,000	34,00,000	3,40,00,000
Add : Bonus shares issued	-	-	1,02,00,000	10,20,00,000
Outstanding at the end of the year	1,36,00,000	13,60,00,000	1,36,00,000	13,60,00,000

11.2. Aggregate number of shares allotted as fully paid-up Bonus Shares (During 5 years immediately preceding March 31, 2018)

During the year 2016-2017, the Company has allotted 1,02,00,000 Bonus Equity Shares of Rs. 10 each as fully paid-up.

11.3. Terms/Rights attached to the equity shares

The Company has one class of shares referred to as equity shares having a par value of Rs.10 each. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

11.4. Number of Shares held by each shareholder holding more than 5% Shares in the company

Name of the Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Arvind limited- Holding Company	1,27,20,640	93.53%	1,27,20,640	93.53%

11.5. Shares reserved for issue under options

Refer Note 31 for details of shares to be issued under options

11.6. Objective, policy and procedure of capital management, refer note 36

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Note 12 : Other Equity

Balance	As at March 31, 2018 Rupees	As at March 31, 2017 Rupees
Note 12.1 Reserves & Surplus		
General reserve		
Balance as per last financial statements	-	70,01,075
Less: Utilized for Bonus issue	-	70,01,075
Balance at the end of the year	-	-
Securities premium account		
Balance as per last financial statements	-	1,920
Less: Utilized for Bonus issue	-	1,920
Balance at the end of the year	-	-
Share based payment reserve (Refer Note 31)		
Balance as per last financial statements	-	-
Add: Addition during the year	8,11,088	-
Balance at the end of the year	8,11,088	-
Surplus in statement of profit and loss		
Balance as per last financial statements	1,55,06,45,074	1,32,76,16,794.00
Add: Profit for the year	42,43,19,541	31,82,89,518.00
Add / (Less): OCI for the year	8,63,737	(2,64,233)
	1,97,58,28,351	1,64,56,42,079.00
Less: Utilized for Bonus issue	-	(9,49,97,005)
Balance at the end of the year	1,97,58,28,351	1,55,06,45,074.00
Total reserves & surplus	1,97,66,39,439	1,55,06,45,074.00
Total Other equity	1,97,66,39,439	1,55,06,45,074.00

Note 13 : Financial liabilities

13 (a): Long-term Borrowings

Particulars	As at March 31, 2018 Rupees	As at March 31, 2017 Rupees
Short-term Borrowings (refer note (a) below)		
Secured		
Working Capital Loans repayable on demand from Banks	-	3,04,90,451
Unsecured		
Intercorporate Deposits From Related Parties	-	85,02,509
Total short-term borrowings	-	3,89,92,960
Total borrowings	-	3,89,92,960

Nature of security:

a A .Cash Credit and Other Facilities from Banks

i. First charge over entire stocks, receivables and other current assets and second charge over entire fixed assets of the Company both present and future.

13 (b): Financial liabilities

Particulars	As at March 31, 2018 Rupees	As at March 31, 2017 Rupees
Current		
Other trade payable (Refer note below)	59,02,43,480	14,85,70,419
Total	59,02,43,480	14,85,70,419

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The Anup Engineering Limited
Notes to the Financial Statements

- a Other trade payables are not-interest bearing and are normally settled on 30-90 days terms
- b The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 and hence disclosures as required under Section 22 of The Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 regarding:
- (a) Principal amount and the interest due thereon remaining unpaid to any suppliers as at the end of accounting year;
- (b) Interest paid during the year;
- (c) Amount of payment made to the supplier beyond the appointed day during accounting year;
- (d) Interest due and payable for the period of delay in making payment;
- (e) Interest accrued and unpaid at the end of the accounting year; and
- (f) 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. have not been given.
- The Company is making efforts to get the confirmations from the suppliers as regard to their status under the said Act.

13 (c): Other financial liabilities

Particulars	As at March 31, 2018 Rupees	As at March 31, 2017 Rupees
Current		
Payable to employees	12,30,488	7,67,073
Deposits from customers and others	4,42,035	7,04,706
Unpaid dividends	44,710	78,270
Other financial liabilities	41,471	51,132
Total	17,58,704	16,01,181

13 (d): Financial liabilities by category

Particulars	FVTPL	FVOCI	Amortised cost
March 31, 2018			
Trade payable	-	-	59,02,43,480
Other financial liabilities	-	-	17,58,704
Total Financial liabilities	-	-	59,20,02,184
March 31, 2017			
Borrowings	-	-	3,89,92,960
Trade payable	-	-	14,85,70,419
Other financial liabilities	-	-	16,01,181
Total Financial liabilities	-	-	18,91,64,560

For Financial instruments risk management objectives and policies, refer Note 35.

Fair value disclosures for financial assets and liabilities are in Note 33 and fair value hierarchy disclosures for investment are in Note 34.

Note 14 : Provisions

Particulars	As at March 31, 2018 Rupees	As at March 31, 2017 Rupees
Long-term		
Provision for employee benefits (refer Note 28)		
Provision for leave encashment	70,17,912	60,36,585
	70,17,912	60,36,585
Short-term		
Provision for employee benefits (refer Note 28)		
Provision for leave encashment	16,64,819	17,00,096
Provision for gratuity	-	3,62,472
	16,64,819	20,62,568
Total	86,82,731	80,99,153

Note 15 : Other current / Non-current liabilities

Particulars	As at March 31, 2018 Rupees	As at March 31, 2017 Rupees
Current		
Advance from customers	7,27,60,484	12,32,10,710
Statutory dues including provident fund and tax deducted at source	45,56,124	57,47,874
Total	7,73,16,608	12,89,58,584

Note 16 : Revenue from operations

Particulars	2017-18 Rupees	2016-17 Rupees
Sale of products	2,15,51,62,533	1,76,84,55,768
Sale of services	1,63,20,689	4,07,34,215
Operating income		
Waste sale	1,54,86,134	1,11,91,339
Exchange Difference (Net)	2,48,84,729	5,54,054
Export incentives	1,28,75,813	41,33,686
	<u>5,32,46,676</u>	<u>1,58,79,079</u>
Total	2,22,47,29,898	1,82,50,69,062

Note 17 : Other income

Particulars	2017-18 Rupees	2016-17 Rupees
Interest income	4,12,43,502	5,82,21,388
Sundry credit balances appropriated	3,17,887	13,39,912
Provision no longer required	9,33,261	6,92,662
Miscellaneous income	3,831	6,963
Total	4,24,98,481	6,02,60,925

Note 18 : Cost of raw materials and components consumed

Particulars	2017-18 Rupees	2016-17 Rupees
Stock at the beginning of the year	8,70,76,765	3,66,64,841
Add : Purchases	<u>1,26,03,13,542</u>	<u>79,54,36,479</u>
	1,34,73,90,307	83,21,01,320
Less : Inventory at the end of the year	<u>20,37,67,562</u>	<u>8,70,76,765</u>
Raw materials and components consumed	1,14,36,22,745	74,50,24,555
Total	1,14,36,22,745	74,50,24,555

Note 19 : Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	2017-18 Rupees	2016-17 Rupees
Stock at the end of the year		
Finished goods	1,39,569	7,27,362
Work-in-Progress	<u>12,34,36,994</u>	<u>11,35,43,269</u>
	12,35,76,563	11,42,70,631
Stock at the beginning of the year		
Finished goods	7,27,362	7,27,362
Work-in-Progress	<u>11,35,43,269</u>	<u>8,77,18,544</u>
	11,42,70,631	8,84,45,906
(Increase) / Decrease in stocks	(93,05,932)	(2,58,24,725)
Total	(93,05,932)	(2,58,24,725)

Note 20 : Employee benefits expense

Particulars	2017-18 Rupees	2016-17 Rupees
Salaries, wages, gratuity, bonus, etc. (Refer Note 28)	10,42,84,528	9,55,20,261
Contribution to provident and other funds	56,79,646	46,62,906
Welfare and training expenses	40,46,459	31,69,595
Share based payment expense (Refer Note 31)	8,11,088	-
Total	11,48,21,721	10,33,52,762

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Note 21 : Finance costs

Particulars	2017-18 Rupees	2016-17 Rupees
Interest expense - Loans	1,87,234	89,31,024
Interest expense - others	7,26,028	3,65,507
Other finance cost	9,88,753	24,19,223
Total	19,02,015	1,17,15,754

Note 22 : Depreciation and amortization expense

Particulars	2017-18 Rupees	2016-17 Rupees
Depreciation on Tangible assets (Refer Note 5)	3,00,88,760	3,25,38,150
Amortization on Intangible assets (Refer Note 6)	12,18,043	12,68,172
Total	3,13,06,803	3,38,06,322

Note 23 : Other expenses

Particulars	2017-18 Rupees	2016-17 Rupees
Power and fuel	1,53,99,228	1,47,70,436
Stores consumed	3,88,52,500	3,85,84,221
Insurance	9,91,457	10,01,420
Printing, stationery & communication	27,19,934	23,53,229
Rent	5,59,610	9,57,787
Rates and taxes	12,61,031	11,13,646
Repairs :		
To Building	1,00,52,983	94,22,600
To Machineries (including spares consumption)	2,38,62,353	2,35,85,365
To others	42,69,994	38,82,709
Freight, insurance & clearing charge	7,25,04,211	5,62,45,604
Excise duty expense	66,25,924	14,78,98,906
Legal & Professional charges	33,95,466	53,56,115
Conveyance & Travelling expense	41,38,691	34,18,021
Director's sitting fees	1,33,026	1,65,316
Job work charges	19,65,33,282	16,33,66,748
Sundry debits written off	96,354	1,25,99,246
Auditor's remuneration (Refer note below)	7,88,574	6,97,890
Bank charges	71,74,943	80,11,727
Spend on CSR activities (Note-32)	76,00,000	55,62,560
Loss on assets sold, demolished, discarded and scrapped	89,136	95,275
Miscellaneous expenses	1,79,04,231	69,59,661
Postage & Courier Charges	2,99,871	2,54,097
Computer Expenses	22,85,828	9,07,112
Drawing & Drafting Charges	1,03,620	13,99,218
Security Charges	26,05,137	24,01,513
Retainership Fees	44,52,231	39,36,763
Inspection Fees	79,66,674	89,37,883
Royalty	1,17,39,861	11,68,293
Interest on Income tax	18,88,313	17,86,489
Total	44,84,93,463	52,68,39,850

Payment to Auditors (Net of tax)

Particulars	2017-18 Rupees	2016-17 Rupees
Payment to Auditors as		
Auditors	4,50,000	4,50,000
For tax audit	1,50,000	1,50,000
For Other certification work	1,46,108	60,962
For reimbursement of expenses	42,466	36,928
Total	7,88,574	6,97,890

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Note 24 : Income tax

The major component of income tax expense for the years ended March 31, 2018 and March 31, 2017 are :

Particulars	2017-18 Rupees	2016-17 Rupees
Statement of Profit and Loss		
Current tax		
Current income tax	18,10,00,000	17,45,00,000
(Excess)/Short Provision related to earlier year	12,167	(54,790)
Deferred tax		
Deferred tax expense	(6,89,44,144)	(23,19,259)
Income tax expense reported in the statement of profit and loss	11,20,68,023	17,21,25,951

Particulars	2017-18 Rupees	2016-17 Rupees
OCI section		
Statement to Other comprehensive income (OCI)		
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	3,54,854	(1,39,842)
Deferred tax charged to OCI	3,54,854	(1,39,842)

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2018 and March 31, 2017.

A) Current tax

Particulars	2017-18 Rupees	2016-17 Rupees
Accounting profit before tax from continuing operations	53,63,87,564	49,04,15,469
Tax @ 34.608% (March 31, 2017: 34.608%)	18,56,33,008	16,97,22,986
Adjustment		
Other non-deductible expenses	61,76,287	12,29,264
Other adjustments	(7,97,53,439)	12,28,491
At the effective income tax rate of 20.89% (March 31, 2017 :35.10%)	11,20,55,856	17,21,80,741

B) Deferred tax

Particulars	Balance Sheet		Statement of Profit and Loss	
	March 31, 2018 Rupees	March 31, 2017 Rupees	March 31, 2018 Rupees	March 31, 2017 Rupees
Accelerated depreciation for tax purposes	(3,32,98,533)	(3,18,68,351)	14,30,182	5,95,983
Impact of fair valuation of Assets	(7,58,02,697)	(14,55,58,496)	(6,97,55,799)	(25,07,862)
Expenditure allowable on payment basis	30,55,757	27,92,084	(2,63,673)	(5,47,222)
Deferred tax expense/(income)				
Net deferred tax assets/(liabilities)	(10,60,45,473)	(17,46,34,763)	(6,85,89,290)	(24,59,101)

Reflected in the balance sheet as follows

Deferred tax assets	30,55,757	27,92,084
Deferred tax liabilities	(10,91,01,230)	(17,74,26,847)
Deferred tax liabilities (net)	(10,60,45,473)	(17,46,34,763)

Reconciliation of deferred tax assets / (liabilities), net

	March 31, 2018 Rupees	March 31, 2017 Rupees
Opening balance as of April 1	(17,46,34,763)	(17,70,93,864)
Tax income/(expense) during the period recognised in profit or loss	6,89,44,144	23,19,259
Tax income/(expense) during the period recognised in OCI	(3,54,854)	1,39,842
Closing balance as at March 31	(10,60,45,473)	(17,46,34,763)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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Note 25 : Contingent liabilities

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
		Rupees		Rupees
Contingent liabilities not provided for				
a. Guarantees given by banks on behalf of the Company		88,36,19,457		79,18,92,733

Note 26 : Capital commitment and other commitments

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
		Rupees		Rupees
Capital commitments				
Estimated amount of Contracts remaining to be executed on capital account and not provided for		-		-

Note 27 : Foreign Exchange Derivatives and Exposures not hedged

A. Exposure Not Hedged

Nature of exposure	Currency	Year ended March 31, 2018		Year ended March 31, 2017	
		In Mn	Rupees	In Mn	Rupees
Receivables	USD	1,09,53,717	69,74,66,552	18,25,583	11,83,89,054
	EUR	37,013	25,20,585	3,79,595	2,63,03,114
Payable to creditors	USD	-	-	52,398	33,98,010
	EURO	19,57,877	16,00,54,717	46,133	31,96,671

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Note 25 : Contingent liabilities

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	Rupees		Rupees	
Contingent liabilities not provided for				
a. Guarantees given by banks on behalf of the Company	88,36,19,457		79,18,92,733	

Note 26 : Capital commitment and other commitments

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	Rupees		Rupees	
Capital commitments				
Estimated amount of Contracts remaining to be executed on capital account and not provided for	-		-	

Note 27 : Foreign Exchange Derivatives and Exposures not hedged

A. Exposure Not Hedged

Nature of exposure	Currency	Year ended March 31, 2018		Year ended March 31, 2017	
		In Mn	Rupees	In Mn	Rupees
Receivables	USD	1,09,53,717	69,74,66,552	18,25,583	11,83,89,054
	EUR	37,013	25,20,585	3,79,595	2,63,03,114
Payable to creditors	USD	-	-	52,398	33,98,010
	EURO	19,57,877	16,00,54,717	46,133	31,96,671

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Note 28 : Disclosure pursuant to Employee benefits

A. Defined contribution plans:

Amount of Rs.22,66,461 (March 31, 2017: Rs. 22,94,592) is recognised as expenses and included in Note No. 20 "Employee benefit expense"

Particulars	As at March 31, 2018	As at March 31, 2017
Provident Fund and Pension	21,25,452	21,71,962
Superannuation Fund	1,41,009	1,22,630
	22,66,461	22,94,592

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage to the payroll costs to fund the benefits.

B. Defined benefit plans:

a. The Company has following post employment benefits which are in the nature of defined benefit plans:

(a) Gratuity

The Company operates gratuity plan wherein every employee is entitled to the benefit as per scheme of the Company, for each completed year of service. The same is payable on retirement or termination whichever is earlier. The benefit vests only after five years of continuous service.

March 31, 2018 : Changes in defined benefit obligation and plan assets

Particulars	Gratuity cost charged to statement of profit and loss				Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	March 31, 2018
	April 1, 2017	Service cost	Net interest expense	Sub-total included in statement of profit and loss		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
Gratuity												
Defined benefit obligation	61,82,153	13,06,185	4,67,989	17,74,174	(4,41,581)	-	(54,686)	(1,23,810)	(11,01,671)	(12,80,167)	-	62,34,579
Fair value of plan assets	(58,19,681)	-	(4,40,550)	(4,40,550)	-	61,576	-	-	-	61,576	(2,64,108)	(64,62,763)
Benefit liability	3,62,472	13,06,185	27,439	13,33,624	(4,41,581)	61,576	(54,686)	(1,23,810)	(11,01,671)	(12,18,591)	(2,64,108)	(2,28,184)
Total benefit liability/(asset)	3,62,472	13,06,185	27,439	13,33,624	(4,41,581)	61,576	(54,686)	(1,23,810)	(11,01,671)	(12,18,591)	(2,64,108)	(2,28,184)

March 31, 2017 : Changes in defined benefit obligation and plan assets

Particulars	Cost charged to statement of profit and loss				Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	March 31, 2017
	April 1, 2016	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 29)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
Gratuity												
Defined benefit obligation	49,18,000	10,90,120	3,91,473	14,81,593	(5,39,359)	-	-	3,06,800	15,119	3,21,919	-	61,82,153
Fair value of plan assets	(32,25,923)	-	(4,15,983)	(4,15,983)	5,39,359	82,156	-	-	-	82,156	(7,99,290)	(58,19,681)
Benefit liability	(3,07,923)	10,90,120	(24,510)	10,65,610	-	82,156	-	3,06,800	15,119	4,04,075	(7,99,290)	3,62,472
Total benefit liability/(asset)	(3,07,923)	10,90,120	(24,510)	10,65,610	-	82,156	-	3,06,800	15,119	4,04,075	(7,99,290)	3,62,472

The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

Particulars	Year ended March 31, 2018 (%) of total plan assets	Year ended March 31, 2017 (%) of total plan assets
Insurance fund	100%	100%
(%) of total plan assets	100%	100%

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Discount rate	7.78%	7.57%
Future salary increase	7.78%	7.57%
Expected rate of return on plan assets	8.00%	8.00%
Attrition rate	5.00%	2.00%
Mortality rate during employment	Indian assured lives Mortality(2006-08)	Indian assured lives Mortality(2006-08)
Mortality rate after employment	N.A.	N.A.

A quantitative sensitivity analysis for significant assumption is as shown below:

Particulars	Sensitivity level	(Increase) / decrease in defined benefit obligation (Impact)	
		Year ended March 31, 2018 Rs.	Year ended March 31, 2017 Rs.
Gratuity			
Discount rate	1% increase	(5,36,280)	(7,43,845)
	1% decrease	6,29,224	9,00,011
Salary increase	1% increase	5,49,379	8,37,036
	1% decrease	(4,73,592)	(7,47,449)
Attrition rate	1% increase	(4,235)	(58,636)
	1% decrease	4,154	64,217

The followings are the expected future benefit payments for the defined benefit plan:

Particulars	Year ended March 31, 2018 Rs.	Year ended March 31, 2017 Rs.
Gratuity		
Within the next 12 months (next annual reporting period)	8,26,425	4,53,198
Between 2 and 5 years	12,93,187	6,32,916
Beyond 5 years	21,53,429	15,54,363
Total expected payments	42,73,041	26,40,477

Weighted average duration of defined plan obligation (based on discounted cash flows)

Particulars	Year ended March 31, 2018 Years	Year ended March 31, 2017 Years
Gratuity	15	15

The followings are the expected contributions to planned assets for the next year:

Particulars	Year ended March 31, 2018 Rs.	Year ended March 31, 2017 Rs.
Gratuity	-	-

C. Other Long term employee benefit plans

Leave encashment

Salaries, Wages and Bonus include Rs.9,46,050 (Previous Year Rs. 15,39,950) towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

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The Anup Engineering Limited
Notes to the Financial Statements

Note 29 : Related Party Disclosure

As per the Indian Accounting Standard on "Related Party Disclosures" (IND AS 24), the related parties of the Company are as follows :

a Name of Related Parties and Nature of Relationship :

1	Arvind Limited	Holding Company
2	Arvind Envisol Limited	Fellow Subsidiary
3	Dholka Textile Park Pvt Ltd	Fellow Subsidiary
4	Shri Rishi Roop Kapoor, Chief Executive Officer	Key Management Personnel
5	Shri Paresh A. Shah, Chief Financial Officer	Key Management Personnel

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

The Anup Engineering Limited

b Disclosure in respect of Related Party Transactions :

Nature of Transactions	Year ended	
	March 31, 2018	March 31, 2017
Purchase of Goods and Materials		
Arvind Limited	3,22,120	1,10,509
Arvind Limited (Engineering Div)	21,62,17,584	-
Sale of Fixed Assets		
Arvind Envisol Private Limited	12,70,860	-
Arvind Limited (Engineering Div)	4,03,64,620	-
Rendering of Services		
Arvind Limited (Engineering Div)	8,74,86,374	-
Remuneration		
Shri Rishi Roop Kapoor	1,49,91,029	1,68,40,231
Shri Paresh A. Shah	36,44,316	31,57,629
Interest Income		
Arvind Limited	4,01,32,399	5,43,71,473
Arvind Envisol Limited	-	23,870
Dholka Textile Park Pvt Limited	-	5,05,480
Loan Given/(Repaid) (Net)		
Arvind Limited	45,26,77,061	56,14,34,325

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The Anup Engineering Limited
Notes to the Financial Statements

d Transactions and Balances :

Particulars	Holding Company		Fellow Subsidiary Companies		Key Management Personnel and relatives	
	Year ended:		Year ended:		Year ended:	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Transactions						
Purchase of Goods and Materials	21,65,39,704	1,10,509	-	-	-	-
Sale of Fixed Assets	4,16,35,480	-	-	-	-	-
Rendering of Services	8,74,86,374	-	-	-	-	-
Interest Income	4,01,32,399	5,43,71,473	-	5,29,350	-	-
Remuneration	-	-	-	-	-	-
Loan Given/(Repaid) (Net)	45,26,77,061	56,14,34,325	-	-	1,86,35,345	1,99,97,860

Particulars	Holding Company		Subsidiary Companies	
	Year ended:		Year ended:	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Balances as at year end				
Payables	23,55,28,054	-	-	85,02,509
Loans and Advances	45,26,77,061	56,14,34,325	-	-

e Terms and conditions of transactions with related parties

1) Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances other than loan given & taken and fair value of financial guarantee contract, at the year-end are unsecured and interest free and settlement occurs in cash.

2) Loans in INR given to the related party carries interest rate of 8% (March 31, 2017 : 10.25%).

f Commitments with related parties

The Company has not provided any commitment to the related party as at March 31, 2018 (March 31, 2017: Rs.Nil)

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The Anup Engineering Limited
Notes to the Financial Statements

Note 30 : Earning per share

Particulars		2017-18	2016-17
Earning per share (Basic and Diluted)			
Profit attributable to ordinary equity holders	Rupees	42,43,19,541	31,82,89,518
Total no. of equity shares at the end of the year	Nos.	1,36,00,000	1,36,00,000
Weighted average number of equity shares			
For basic EPS	Nos.	1,36,00,000	1,36,00,000
For diluted EPS	Nos.	1,36,71,289	1,36,00,000
Nominal value of equity shares	Rupees	10	10
Basic earning per share	Rupees	31.20	23.40
Diluted earning per share	Rupees	31.04	23.40
Weighted average number of equity shares			
Weighted average number of equity shares for basic EPS	Nos.	1,36,00,000	1,36,00,000
Effect of dilution: Share options	Nos.	71,289	-
Weighted average number of equity shares adjusted for the effect of dilution	Nos.	1,36,71,289	1,36,00,000

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Note 31 : Share based payments

The Company has instituted Employee Stock Option Scheme 2017 (ESOP 2017), pursuant to the approval of the shareholders of the company at their extra ordinary general meeting held on September 29, 2017. Under ESOP 2017, the Company has granted options convertible into equal number of equity shares of the face value of Rs 10 each.

Scheme	ESOS 2017
Date of grant	29-Sep-17
Number of options granted	1,25,000
Exercise price per option	Rs. 106
Fair Value of option on Grant date	Rs. 105.54
Vesting period	Over a period of 1 to 6 years
Vesting requirements	On continued employment with the company and fulfilment of performance parameters.
Exercise period	At the time of listing or at the time of sale of 51% equity by promoters, whichever is earlier
Method of settlement	Through allotment of one equity share for each option granted.

The following table sets forth a summary of the activity of options:

Particulars	2017-18
Options	
Outstanding at the beginning of the period	-
Vested but not exercised at the beginning of the period	-
Granted during the period	-
Forfeited during the period	1,25,000
Exercised during the period	-
Expired during the period	-
Outstanding at the end of the period	-
Exercisable at the end of the period	1,25,000
Weighted average exercise price per option (Rs.)	106.00

Share options outstanding at the end of the year have the following expiry date, exercise price and weighted average contractual life of the options outstanding at the end of the year :

Grant date	Expiry date	Exercise price	March 31, 2018 Share options
September 29, 2017	March 31, 2021	106	1,25,000
Weighted average remaining contractual life (Years)			8

Expense arising from share- based payment transactions

Total expenses arising from share- based payment transactions recognised in profit or loss as part of employee benefit expense were as follows :

Particulars	Rupees 2017-18
Employee option plan	8,11,088
Others	-
Total employee share based payment expense	8,11,088

The Company has granted 1,25,000 options during the year ended on March 31, 2018. The fair value of the share based payment options granted is determined using the binomial model using the following inputs at the grant date which takes in to account the exercise price, the term of the option, the share price at the grant date, and the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Particulars	
Share price as at measurement date	106
Expected volatility	46.00%
Expected life (years)	6
Dividend yield	0%
Risk-free interest rate (%)	6.77%

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The Anup Engineering Limited
Notes to the Financial Statements

Note 32 : Corporate Social Responsibility (CSR) Activities:

- a. The Company is required to spend Rs. 76,00,000 (Previous Year Rs. 55,62,560) on CSR activities.
b. Amount spent during the year on:

Rupees

		Year ended					
		March 31, 2018			March 31, 2017		
		In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	-	-	-	-	-	-
(ii)	Contribution to various Trusts / NGOs / Societies / Agencies and utilization thereon	76,00,000	-	76,00,000	55,62,560	-	55,62,560

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The Anup Engineering Limited
Notes to the Financial Statements

Note 33 : Fair value disclosures for financial assets and financial liabilities

The management assessed that the fair values of cash and cash equivalents, trade receivables, other financial assets and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The management assessed that fair values for loan from holding company would approximate their carrying values. This is due to the interest rates for similar loan have not changed significantly as at March 31, 2018 and 2017 compared to the interest rates at which such loan have been availed.

Particulars	Carrying amount		Fair value	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	Rupees	Rupees	Rupees	Rupees
Financial liabilities				
Borrowings	-	3,89,92,960	-	3,89,92,960
Total	-	3,89,92,960	-	3,89,92,960

The management assessed that the fair values of cash and cash equivalents, other bank balances, trade receivables, other current financial assets and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The fair value of borrowings and other financial liabilities is calculated by discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities.

The discount for lack of marketability represents the amounts that the Company has determined that market participants would take into account when pricing the investments.

Note 34 : Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

Quantitative disclosures fair value measurement hierarchy for financial liabilities as at March 31, 2018 and March 31, 2017

Date of valuation	Total	Fair value measurement using		
		Quoted prices in active (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Rupees	Rupees	Rupees	Rupees
As at March 31, 2018				
Liabilities disclosed at fair value				
Borrowings	March 31, 2018	-	-	-
As at March 31, 2017				
Liabilities disclosed at fair value				
Borrowings	March 31, 2017	3,89,92,960	-	3,89,92,960

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Note 35 : Financial instruments risk management objectives and policies

The Company's principal financial liabilities, comprise borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include loans given, trade and other receivables and cash & short-term deposits that derive directly from its operations.

The Company's activities expose it to market risk, credit risk and liquidity risk. In order to minimise any adverse effects on the financial performance of the company, the Company's risk management is carried out by a Treasury department under policies approved by the Board of directors. Company's treasury identifies and evaluates financial risks in close co-operation with the Company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include trade and other receivable and trade and other payables.

Within the various methodologies to analyse and manage risk, Company has implemented a system based on "sensitivity analysis" on symmetric basis. This tool enables the risk managers to identify the risk position of the entities. Sensitivity analysis provides an approximate quantification of the exposure in the event that certain specified parameters were to be met under a specific set of assumptions. The risk estimates provided here assume:

- a simultaneous, parallel foreign exchange rates shift in which the INR appreciates / depreciates against all currencies by 2%

The potential economic impact, due to these assumptions, is based on the occurrence of adverse / inverse market conditions and reflects estimated changes resulting from the sensitivity analysis. Actual results that are included in the Statement of profit & loss may differ materially from these estimates due to actual developments in the global financial markets.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity, pension and other post-retirement obligations and provisions.

The following assumption has been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company transacts business in local currency and in foreign currency, primarily in USD. The Company has obtained foreign currency loans and has foreign currency trade payables and receivables etc. and is, therefore, exposed to foreign exchange risk. The Company may use forward contracts, foreign exchange options or currency swaps towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate. These foreign exchange contracts, carried at fair value, may have varying maturities varying depending upon the primary host contract requirements and risk management strategy of the company.

The Company manages its foreign currency risk by hedging appropriate percentage of its foreign currency exposure, as approved by Board as per established risk management policy. Details of the hedge & unhedged position of the Company given in Note no.27

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR rates to the functional currency of respective entity, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	Change in USD rate	Effect on profit before tax
March 31, 2018	+2%	1,39,49,331
March 31, 2017	-2%	(1,39,49,331)
	+2%	22,99,821
	-2%	(22,99,821)

	Change in EUR rate	Effect on profit before tax
March 31, 2018	+2%	(31,50,683)
March 31, 2017	-2%	31,50,683
	+2%	4,62,129
	-2%	(4,62,129)

The movement in the pre-tax effect is a result of a change in the fair value of financial instruments not designated in a hedge relationship. Although the financial instruments have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

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Notes to the Financial Statements

Note 37 : Standards issued but not yet effective

The standard issued, but not yet effective up to the date of issuance of the Company's financial statements is disclosed below. The Company intends to adopt this standard when it becomes effective.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant."

Ind AS 115 - Revenue from contracts with customers

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1 April 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1 April 2018.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant"

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Note 38 : Operating segment

The Company's business activity falls within a single primary business segment of Engineering goods. Accordingly the Company is a single segment company in accordance with Ind AS 108 "Operating Segment".

Geographical segment

Geographical segment is considered based on sales within India and rest of the world.

Particulars	Rupees	
	March 31,2018	March 31,2017
Segment Revenue*		
a) In India	1,21,50,49,275	1,44,43,37,703
b) Rest of the world	1,00,96,80,623	38,07,31,359
Total Sales	2,22,47,29,898	1,82,50,69,062
Carrying Cost of Segment Assets**		
a) In India	2,18,98,45,073	1,25,52,12,614
b) Rest of the world	71,68,99,401	14,46,92,168
Total	2,90,67,44,474	2,19,04,56,188
Carrying Cost of Segment Non Current Assets**@		
a) In India	1,00,57,42,509	82,37,30,984
b) Rest of the world	-	-
Total	1,00,57,42,509	82,37,30,984

* Based on location of Customers

** Based on location of Assets

@ Excluding Financial Assets.

39 Regrouped, Recast, Reclassified

Figures of the earlier year have been regrouped to conform with those of current year.

