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TECHNOFAB
ENGINEERING LIMITED

February 24, 2021

The National Stock Exchange of India Limited
Exchange Plaza, Plot No. C-1, G Block
Bandra Kurla Complex, Bandra (E)
Mumbai – 400051

The BSE Limited
15th Floor, Phiroze Jeejeeboy Towers
Dalal Street
Mumbai – 400001

Symbol: TECHNOFAB

Security Code: 533216

Subject: Submission of Annual Report of the Company pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

In compliance with Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report of the Company proposed to be approved and adopted in the 49th Annual General Meeting of the Company scheduled to be held on 18th March 2021 at 11:00 A.M. through video conferencing and other audio video visual means VC and OAVM) as per the provisions of the Companies Act, 2013 & circular issued by SEBI.

This is for your information and further dissemination.

For Technofab Engineering Limited

Suman Kumar Verma
Company Secretary



CORPORATE, ENGINEERING & PROJECTS OFFICE
Plot No. 5, Sector 27C, Mathura Road
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DIRECTORS' REPORT

Dear Members,

The Directors of your Company take pleasure in presenting the Forty Ninth Annual Report on the business and operations of the Company along with the audited financial statements for the financial year ended 31st March 2020.

FINANCIAL HIGHLIGHTS The financial results of the Company for the year ended 31st March 2020 are summarized below:

| Particulars | ₹ in Million | |
|---|--------------|----------|
| | 2019-20 | 2018-19 |
| Revenue From Operations | 565.40 | 3703.69 |
| Other Income | 53.60 | 32.75 |
| Total revenue | 618.99 | 3736.43 |
| Earnings Before Interest (Finance Costs), Tax, Depreciation and Amortization - EBITDA (Before Exceptional item) | (563.43) | (99.98) |
| Less: Exceptional item | 1296.81 | |
| Earnings Before Interest (Finance Costs), Tax, Depreciation and Amortization - EBITDA (After Exceptional item) | (1860.24) | |
| Less: Finance costs | 331.43 | 298.74 |
| Profit/ (Loss) before tax, depreciation and amortization | (2191.67) | (398.72) |
| Less: Depreciation and amortization expenses | 67.78 | 42.95 |
| Profit/ (Loss) before tax (PBT) | (2259.45) | (441.67) |
| Less: Tax expenses [net of deferred tax effect and Tax adjustment for Earlier years (net)] | 145.94 | (150.12) |
| Profit/ (Loss) after taxation (PAT) | (240.54) | (291.55) |
| Other Comprehensive Income for the year | (1.21) | (0.80) |
| Total Comprehensive Income for the year | (2406.60) | (290.74) |

Overview & State of the Company's Affairs

During the current financial year, there has been a drop in turnover by 84.73%. The Company has incurred a loss of Rs. 240.66 Crore in comparison to the loss of Rs. 29.16 Crore during the previous year due to which the networth of the Company has been largely eroded

The loss incurred was primarily due to enhanced Working Capital Limits not being made available by Member Banks to the Company that led to the Company not being able to perform on its various contracts. The shortfall in performance by the Company led to some contracts being terminated and Bank Guarantees being invoked leading to severe stress on Company's cash flows. Company was unable to fund and roll over project execution activities resulting in a substantially lower Turnover and was therefore unable to cover the cost and other expenses leading to a default on repayment of dues of Lenders / Banks. Consequently, the lenders have classified the accounts of the Company as non-performing assets as stated in Note No. 52 of the financial statements

Subsequently and as per the applicable guidelines issued by Reserve Bank of India, the Company has submitted its restructuring proposal to Banks which is under their active consideration. Meanwhile through a “Holding Operations” arrangement with the Member Banks, the Company has been focusing on closure of several projects and has been able to collect and return outstanding Bank Guarantees thereby reducing the overall exposure to the Banks.

The Company continues to execute EPC projects in hand in the water and electricity sector. There has been no change in the nature of business of your Company during the year under review.

Dividend & Appropriations

In view of loss incurred by the Company during the current financial year, the Board did not recommend dividend to be paid to the Shareholders of the Company.

UNPAID / UNCLAIMED DIVIDEND AND TRANSFER TO IEPF

Pursuant to the circular issued by Ministry of Corporate Affairs (MCA) with respect to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with the Companies) Rules, 2012 vide G.S.R. 342 (E) dated May 10, 2012, your Company has uploaded on its website www.technofabengineering.com under Investor Relation Section as well as on the Ministry’s website the information regarding Unpaid / Unclaimed Dividend amount lying with the Company as on 25th Day of September, 2019 (date of last Annual General Meeting). In terms of the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, an amount of Rs. 25,760/- of unpaid / unclaimed dividend were transferred during the year to the Investor Education and Protection Fund.

SUBSIDIARIES

The Company has three subsidiaries viz. Arihant Flour Mills Private Limited, Woodlands Instruments Private Limited and Rivu Infrastructural Developers Private Limited which are wholly owned by the Company. These companies are much smaller and there have not been any material business activities in these companies.

The financial statements of the subsidiaries and related information are available for inspection by the members at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and public holidays up to the date of the Annual General Meeting (AGM) as required under Section 136 of the Companies Act, 2013. Any member desirous of obtaining a copy of the said financial statements may write to the Company Secretary at the Registered Office of the Company. The financial statements including the consolidated financial statements, financial statements of subsidiaries and all other documents required to be attached to this report have been uploaded on the website of the Company. (www.technofabengineering.com) in Financials page.

As required under the provisions of Section 129 of the Companies Act, 2013, a statement containing the salient features of financial statements of all subsidiaries in Form AOC-1 is annexed with the financial statements as “**Annexure [A]**” and forms part of this Report which covers the performance and financial position of the subsidiary companies.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the financial year ended 31 March 2020 have been prepared on the basis of audited financial statements of the Company and its subsidiaries, as approved by their respective Board of Directors keeping in view the provisions of Section 129 of the Companies Act, 2013, applicable Accounting Standards and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”).

RESERVES

During the year, the Board of Directors of your Company has not transferred any amount to the General Reserves of the Company.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION BETWEEN THE DATE OF END OF FINANCIAL YEAR AND THE DATE OF REPORT

The shareholders are aware that the Company had incurred loss during the previous financial year viz. FY 19. The reason of loss is due to very low turnover. The Company was unable to achieve its targeted turnover as it has been achieving since last several years due to various factors already mentioned in second paragraph to “**Overview & State of the Company’s Affairs**”.

Considering that the Company has been focusing on closing existing projects, recovering outstanding payments, reducing the overall exposure of Banks by returning / reducing outstanding Bank Guarantees, the Management is confident that with the implementation of the Restructuring Plan which is under Consideration with the Lenders, in spite of the Company’s net worth having substantially eroded and the qualifications by the Statutory Auditors, the Company will be able to maintain its status of a “Going Concern” in the foreseeable future without any threat of liquidation or closure.

Further it is pertinent to note that the Company possesses the relevant technical qualifications and inherent strengths and will target new business as soon as the Restructuring Plan is implemented laying the foundation for growth in the years to come.

The impact of COVID-19 on the business of the Company is already mentioned in Note 3.20 in the Notes to Accounts annexed with the current Balance Sheet of the Company. However, the COVID situation has worsened after the period of the report and severely impacted the Company’s operations as the offices and several project sites both in India and Overseas remained closed during the lockdowns, some of which continue up until the date of this report.

CHANGE IN NATURE OF BUSINESS

During the year under review, there was no change in the nature of business of the Company.

SHARE CAPITAL

During the year under review, there was no change in the total share capital of the Company. As on March 31, 2020, the paid-up equity share capital of the Company stands at Rs. 10,49,00,000/- comprising of 1,04,90,000 equity shares of Rs. 10/- each fully paid up. As on March 31, 2020, all the shares of the Company are in dematerialized form except 7 shares.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Board of Directors and its composition

The total number of the Board Members as on 31 March 2020 is four comprising of one executive Director and three Independent Directors. Mr. Arjun Gupta was appointed as Managing Director in the meeting of Board of Directors of the Company which was further confirmed by the shareholders through Postal Ballot process by way of passing Special Resolution on 25 February 2019. He was also appointed as Managing Director for the fresh tenure of three years w.e.f. 1 April 2020 to 31 March 2023 in the Annual General Meeting held on 25 September 2019 by way of passing Special Resolution. Mr. Arun Mitter, Mr. Pawan Chopra and Ms. Anju Banerjee was appointed as Independent Directors w.e.f. 25 September 2019 for the next term of five years by way of passing Special Resolution in the Annual General Meeting held on the same date.

As on date, the Company has four Directors. Of the four (4) Directors, one (1) is Executive Director and three (3) are Non-Executive Independent Directors including one Woman Director.

The Composition of the Board is in conformity with the provisions of the Companies Act, 2013 and relevant regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including all amendments thereto. However the Company is in the process of appointing two more Directors to make its strength to six as it falls under the list of top 2000 companies as per the market capitalization as per the list published by NSE only. This is because of the fact that NSE has less 2000 Companies with their shares listed with it.

None of the Director on the Board is a director in more than 8 Public/ Listed Companies or a member of more than 10 Committees or a Chairman of more than 5 Committees across all listed companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other Public Limited Companies as on 31st March, 2020 have been made by all the Directors of the Company.

None of the Company's Directors are disqualified from being appointed as Directors as specified in Section 164(2) of the Companies Act, 2013.

Directors liable to retire by rotationAs per the provisions of the Companies Act, 2013, Mr. Arjun Gupta retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board recommends his re-appointment in the ensuing Annual General Meeting.

The details of Director being recommended for re-appointment as required under Regulation 36 of Listing Regulations is contained in the accompanying Notice convening ensuing Annual General Meeting of the Company. Appropriate Resolution(s) seeking shareholders' approval are also included in the Notice.

Key Managerial Persons (KMPs)During the period under review, there is no change in the Key Managerial Personnel (KMP). The Company had accepted resignation of Mr. Sandeep Kumar Vij, CFO w.e.f. 30 June 2020. The Company has appointed new CFO to fill the casual vacancy caused by the resignation of Mr. Vij by way of appointment of Mr. Shiam Narain Tandon as CFO w.e.f. 31 December 2020.

The Key Managerial Persons as per Section 203 of the Companies Act, 2013 comprises of Mr. Arjun Gupta, Managing Director, Mr. Shiam Narain Tandon, CFO and Mr. Suman Kumar Verma, Company Secretary. Details relating to remuneration of the Directors and KMPs during the financial year ended 31 March 2020 are mentioned in "**Annexure B**" of this Report.

None of the Whole-time Key Managerial Personnel (KMP) of the Company is holding office in any other Company as a Key Managerial Personnel.

Further, none of the Directors / KMP of the Company is disqualified under any of the provisions of the Companies Act, 2013 and relevant Regulations of Listing Regulations.

Declaration by Independent Directors

The Company has received necessary declarations from all the Independent Directors under Section 149(7) of the Act confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 read with Regulation 25 of the Listing Regulations.

QUALITY (QMS), HEALTH, SAFETY AND ENVIRONMENT (HSE)

The Company believes that “Quality is a state of mind” and is committed to a continuous ongoing initiative in this direction and is committed “To provide and maintain safe and healthy work environment for all personnel within the organization and to continually improve in safe working conditions to make incident free work zone.” Your Company is adequately maintaining the system to ensure customer satisfaction in terms of quality and services, protection of Environment, safeguarding the occupational health, safety of all our employees and compliance to applicable legal and other non-regulatory requirements pertaining to environment, health and safety along with continual improvements to the system.

The Company is committed towards ensuring safe working and eliminating hazards and in protecting the environment including reduction in paper & power consumption and proper disposal of construction & electronic waste.

The Company is accredited to ISO 9001:2004 and ISO 14001:2004 for Health, Safety and Environment and OHSAS 18001:2007 for Occupational Health and Safety Assessment series. The Company is in the process of merging these three standards into single document i.e. IMS (integrated Management System) that will combine all the three standards into single standard based on the latest revisions of 2015 standards.

MANAGEMENT DISCUSSION AND ANALYSIS INCLUDING BUSINESS REVIEW

As stipulated under Regulation 34 of the Listing Regulations, the Management Discussion and Analysis for the period under review has been given separately and forms an integral part of this Report which includes a detailed business review of the Company.

PUBLIC DEPOSITS

During the financial year 2019-20, the Company has not accepted any deposit within the meaning of Chapter V of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

CORPORATE GOVERNANCE REPORT

In compliance with the provisions specified in the Listing Regulations, a separate report on Corporate Governance along with the requisite certificate from the Statutory Auditors confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid regulations forms an integral part of this Report. The Auditors’ Certificate does not contain any qualification, reservation and adverse remark.

DISCLOSURE RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND PARTICULARS OF EMPLOYEES

In accordance with Section 178 and other applicable provisions if any, of the Companies Act, 2013 read with the Rules issued there under and Part D of Schedule II as specified in the Listing Regulations, the Board of Directors has formulated the Nomination and Remuneration Policy of the Company on the recommendations of the Nomination and Remuneration Committee. The salient aspects covered in the Nomination and Remuneration Policy, covering the policy on appointment and remuneration of Directors including criteria for determining qualifications, positive attributes, independence of a Director and other matters have been outlined in the Corporate Governance Report which forms part of this Report.

The Managing Director of the Company does not receive remuneration from any of the subsidiaries of the Company.

The information required under Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Directors/ employees of the Company is set out in “Annexure [B]”.

ANNUAL PERFORMANCE EVALUATION OF BOARD AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to the applicable provisions of the Companies Act, 2013 including amendment thereto, the Listing Regulations as amended from time to time and SEBI Circular issued in this connection, the Board, in consultation with its Nomination & Remuneration Committee, has formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company, its Committees and individual Directors including Independent Directors. The framework is monitored, reviewed and updated by the Board, in consultation with the Nomination and Remuneration Committee based on need and new compliance requirements.

In line with the abovementioned framework, the Independent Directors at their separate meeting held on 14th February 2019 without participation of the Non-Independent Directors and Management, have considered and evaluated the Boards’ performance and performance of the Chairman, Non-Independent Directors and the Board as a whole. The Independent Directors in the said meeting have also assessed the quality, quantity and timeliness of the flow of information between the Company Management and the Board.

During the period under review, the Board in its meeting held on 26 May 2018 has evaluated the performance of each of the Independent Directors without participation of the Director who was subject to evaluation.

The details of evaluation process of the Board, its Committees, Chairman and individual Directors, including Independent Directors have been provided under the Corporate Governance Report which forms part of this Report.

MEETINGS OF THE BOARD AND AUDIT COMMITTEE

During the year, six (6) Board Meetings and Four (4) Audit Committee meetings were held, the details of which are provided in the Corporate Governance Report which forms part of this Annual Report. The maximum interval between the two meetings did not exceed 120 days as prescribed under the Companies Act, 2013 and the Listing Regulations.

The Board of Directors have accepted all the recommendations made by the Audit Committee.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013. The Internal Complaint Committee (“ICC”) has been set up to redress complaints received regarding sexual harassment. During the period under review, no complaint was received by the ICC.

COMPLIANCE WITH THE SECRETARIAL STANDARDS

The Company is in absolute compliance with all notified Secretarial Standards as issued by the Institute of Company Secretaries of India (including amendment(s) and subsequent modification(s) therein).

COMPLIANCE WITH THE LISTING AGREEMENT

The Company has listed its securities on both Bombay Stock Exchange (“BSE”) and National Stock Exchange (“NSE”). The Company is in compliance with all applicable Clauses of the listing agreement entered with both respective Stock Exchanges.

DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors confirm that:

- a) in the preparation of the annual accounts for the financial year ended 31 March 2019, the applicable accounting standards and Schedule III of the Companies Act, 2013, have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2019 and of the profit and loss of the Company for the financial year ended 31 March 2019;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a ‘going concern’ basis;
- e) proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS AND AUDITORS’ REPORT:

I. Statutory Auditors

At the Forty Sixth Annual General Meeting (“AGM”) of the Company held on 29 September 2017, M/s. G.C. Agarwal & Associates, Chartered Accountants (Firm Registration No. 017851N) were appointed as the Statutory Auditors of the Company to hold office for a period of five (5) consecutive years commencing from the financial year 2017-18 subject to ratification at every AGM on a remunerations including terms of payment to be fixed by the Board of Directors on the recommendation of the Audit Committee. However as per the provisions of Section 40 Companies (Amendment) Act, 2017 which is now in force vide MCA notification No. S.O. 1833 (E) dated 7 May 2018, first proviso of Section 139(1) of the Companies Act, 2013 has been done away with. Therefore the matter relating to ratification of the appointment of Auditors is not being placed before the ensuing Annual General Meeting.

The Auditors’ Report for the financial year 2019-20, contains the following qualifications:

“We draw your attention to Note No. 5 & 6 to the consolidated financial results with regard to multiple significant uncertainties faced by the group such as (a) Non availability of funds from banks and also declaration of loans as NPA (b) Poor recovery from debtors (c) Invocation of performance guarantees / bank guarantees (d) Litigation with debtors. The impact of the above matters, if any, on the consolidated financial statements is presently not ascertainable.

Material Uncertainty Related to Going Concern

We draw attention to Note No. 5 & 6 to the consolidated financial results, which states that the company has significant accumulated losses at the year ended March 31, 2020 and has defaulted in repayment of loan and interest payments. Due to fund constraints and other reasons the company has not been able to complete projects as expected, resulting in invocation of bank guarantees/performance guarantees. These events or conditions, along with other matters, indicates that a material uncertainty exist that may cast significant doubt on the Company’s ability to continue as a going concern if the company is not able to raise funds, renegotiate/restructure liabilities.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note No. 5 & 6 to the consolidated financial results, which states that the company has defaulted on repayments to various banks due to invocation of various bank guarantees / performance guarantees and poor recovery and litigations with debtors.

Our opinion is not modified in respect of this matter.

This observation has been responded to in the preceding paragraphs.

II. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Naresh Verma & Associates, Company Secretaries to conduct the Secretarial Audit of the Company. The Secretarial Audit Report as per Section 204 of the Companies Act, 2013 read with Regulation 24A of Listing Regulations is annexed herewith as “**Annexure [C]**” to this Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark except the following:

The Company was in Non-Compliance with regard to provisions of Regulation 33 of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as it failed to hold its Board meeting for approval of unaudited financial results for the quarter ended 31.03.2019, 30.06.2019, 30.09.2019, 31.12.2019 and 31.03.2020 within the prescribed time. The NSE & BSE also imposed fine for above non-compliance which was duly paid by the company.

The Board has following explanation against the abovementioned qualification by the Secretarial Auditor:

The delay in declaration in financial results as mentioned in the Secretarial Audit Report are due to following major reasons:

- (i) There had been a huge disturbance in the management of the Company due to the unfortunate and sad demise of Late Sh. Avinash C. Gupta, Ex Chairman and Managing Director of the Company;
- (ii) The Company suffered setback due to the termination of projects and invocation of Bank Guarantees; and
- (iii) The lock down due to COVID-19 severely disturbed the Company's operations with its offices and several sites under lockdown.

III. Cost Auditors

The Company is not engaged in the production of such goods or services which are prescribed by the Central Government, for this reason the Company is not required to maintain cost records specified under sub section (1) of section 148 of the Companies Act, 2013 and to appoint Cost Auditors.

During the year under review, neither the statutory auditors nor the secretarial auditor has reported to the audit Committee, under section 143(12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

REPORTING OF FRAUDS

There have been no instances of fraud reported by the Statutory Auditor and/or Secretarial Auditor of the Company under Section 143(12) of the Companies Act, 2013 and the rules framed thereunder either to the Company or to the Central Government.

DISCLOSURES BY SENIOR MANAGEMENT

Senior Management have made disclosures of interest to the Board relating to all material Financial & Commercial transactions entered between Company and third parties. None of the Senior Managers have been found to be interested in such transactions.

WEB ADDRESS OF THE ANNUAL RETURN OF THE COMPANY

In accordance with Section 134(3)(a) of the Companies Act, 2013 (the “Act”) read with Section 92(3) of the Act, the Annual Return of the Company for the financial year ended 31 March 2020 can be viewed on at www.technofabengineering.com in the investors page.

RELATED PARTY TRANSACTIONS

The Company has formulated a Related Party Transactions Policy, which has been uploaded on its website at (www.technofabengineering.com) in the investors Page. It has been the endeavor of the Company to enter into related party transaction on commercial and arms’ length basis with a view to optimize the overall resources of the group. All transaction entered into with Related Parties during the year were in the ordinary course of business of the Company and at arms’ length basis. The Company has not entered into any contract/arrangement/transactions with related parties which could be considered material in accordance with the Policy of the Company on the materiality of related party transactions.

The details of the related party transactions as required under IND AS-24 read with the provisions of Listing Regulations, are set out in Note 46 to the standalone financial statements forming part of this Annual Report.

In accordance with Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 the particulars of contract or arrangements with related parties, referred to in Section 188 of the Act, if any, in the prescribed Form AOC-2 are attached with this report as “**Annexure-[E]**”.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

In accordance with Section 134(3)(g) of the Companies Act, 2013, the particulars of Loans, Guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013, if any, are given in the notes to the Financial Statements.

RISK MANAGEMENT

The Company recognizes that risk is an integral part of business and is committed to managing the risks in a proactive and efficient manner. The Company periodically assesses risks in the internal and external environment, along with the cost of treating risks and incorporates risk treatment plans in its strategy, business and operational plans.

The Company, through its risk management process, strives to contain impact and likelihood of the risks within the risk appetite as agreed from time to time with the Board of Directors.

The Board of Directors have already approved and periodically reviews the risk management policy and the risk appetite for the Company. There are no risks which in the opinion of the Board threaten the existence of the Company.

INTERNAL FINANCIAL CONTROLS

In order to align with the requirement of Section 134(5)(e) of the Companies Act, 2013, the Company has in place adequate internal financial controls which provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. In particular, it ensures adequate operating controls, clear policies and detailed procedures of operations, delegation of authorities, safeguarding of assets, prevention and detection of frauds and errors, financial controls on financial reporting and timely preparation of reliable financial

information. Upon review, no material reportable weaknesses were observed during the financial year 2018-19.

Nonetheless your Company recognizes that any Internal control framework, no matter how well designed has inherent limitations and accordingly it is ensured that systems are reinforced on ongoing basis.

WHISTLE BLOWER POLICY (VIGIL MECHANISM)

The Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors have formulated a Whistle Blower Policy (Vigil Mechanism) which is in compliance with the provisions of Section 177 (10) of the Companies Act, 2013 and the Listing Regulations. The policy provides for a framework and process whereby concerns can be raised by its employees against any kind of discrimination, harassment, victimization or any other unfair practice being adopted against them. More details on the Vigil Mechanism and the Whistle Blower Policy of the Company have been outlined in the Corporate Governance Report which forms part of this Annual Report. It is practice of Company to ensure that no employee is victimized for bringing such incident to attention of Management. Directors have not received any complaint regarding harassment, discrimination, violation of Company's Code of Conduct or any other unfair practice during the period under review.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVE

The provisions of Section 135 of the Companies Act, 2013 is not applicable to the Company. However, the Company had constituted CSR Committee comprising of Mr. Arjun Gupta, Mr. Pawan Chopra ,Ms. Anju Banerjee and Mr. Arun Mitter. As the provisions were applicable in earlier financial years.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is set out hereunder:

I. Conservation of energy

Though the operations of the Company do not consume high level of energy, adequate measures have been taken by the management to conserve energy to the extent possible through conservation measures. The Company is on a constant look out for newer and efficient energy conservation technologies and introduces them appropriately. As the cost of energy consumed by the Company forms a very small portion of the total cost, the impact of change in energy cost on total cost is insignificant.

II. Technology absorption

The Company being engaged in the business of providing complete engineering, procurement and construction services for auxiliary / balance of plant systems on a complete turnkey basis, constant efforts are made to develop new products/systems to give trouble free service in its line of activities.

III. Foreign exchange earnings and outgo

Foreign Exchange Earnings Rs. 34,31,25,017

Foreign Exchange Outgo

- Rs. 30,65,91,584

SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS

There are no significant/material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future.

GENERAL

- a) The Company has not issued equity shares with differential rights as to dividend, voting or otherwise; and
- b) The Company does not have any ESOP scheme for its employees/Directors.

INDUSTRIAL RELATIONS

The Company enjoyed cordial relations with the employees during the year under review and the Management appreciates the efforts and dedication shown by all employees of the Company in offering their support and expects their continued support for achieving higher level of productivity to enable meeting the targets set for the future.

APPRECIATION

The Directors wish to express their sincere appreciation to the Banks, Central and State Governments, Public and Private Sector Customers in India and abroad and the Company's valued shareholders for their continued co-operation and support. The Directors particularly wish to thank all the employees of the Company whose enthusiasm, vitality and application have been vital to the Company's business performance.

For and on behalf of Board of Directors

Place : Faridabad

Dated : 11 February 2021

**Arjun Gupta
Chairman**

Annexure [A] to Directors' Report

**Form AOC-1
(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013
read with Rule 5 of Companies (Accounts) Rules, 2014)**

Part-A: Subsidiary

(Amount in Rs.)

| 1. | Name of the subsidiary | Arihant Flour Mills Private Limited | Woodlands Instruments Private Limited | Rivu Infrastructural Developers Private Limited |
|-----------|---|--|--|--|
| 2. | The date since when subsidiary was Acquired | 19 Sep' 2011 | 18 Sep' 2010 | 10 Feb' 2010 |
| 3. | Reporting Period for the subsidiary concerned, if different from the holding company's reporting period | 1 April to 31 March | 1 April to 31 March | 1 April to 31 March |
| 4. | Reporting currency and Exchange rate as on the last date of relevant Financial year in the case of foreign Subsidiaries | ₹ | ₹ | ₹ |
| 5. | Share capital: | | | |
| | Authorised share capital | 60,00,000 | 50,00,000 | 10,00,000 |
| | Paid up share capital | 58,22,800 | 47,30,000 | 10,00,000 |
| 6. | Other Equity | 15,06,27,316 | 1,68,39,930 | (33,36,196) |
| 7. | Non-Current Liabilities | 46,823 | 0 | 98,69,819 |
| 8. | Current Liabilities | 9,22,53,636 | 43,90,328 | 1,10,204 |
| 9. | Total Liabilities | 24,87,50,575 | 2,59,60,258 | 76,43,827 |
| 10. | Non-Current Assets | 22,33,96,697 | 2,30,61,289 | 7,039 |
| 11. | Current Assets | 2,53,53,878 | 28,98,969 | 76,36,788 |
| 12. | Total assets | 24,87,50,575 | 2,59,60,258 | 76,43,827 |
| 13. | Investments | - | - | - |
| 14. | Turnover | | | |
| 15. | Revenue from Operations | - | - | - |
| 16. | Other Income | 4,38,77,092 | 16,03,949 | - |
| 17. | Profit/(Loss) before taxation | 2,58,68,015 | (24,05,259) | (42,386) |
| 18. | Tax Expenses | 43,35,378 | 4,55,836 | (3) |
| 19. | Profit/(Loss) after taxation | 2,15,32,637 | (28,61,095) | (42,383) |
| 20. | Proposed Dividend | - | | |
| 21. | Extent of shareholding (in percentage) | 100% | 100% | 100% |

Notes:

1. Names of subsidiary which are yet to commence operations: **N.A.**

2. Names of subsidiaries which have been liquidated or sold during the year: **N.A.**

Part-B: Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| Name of Associate or Joint Ventures | N.A. |
|--|-------------|
| 1. Latest audited Balance Sheet Date | N.A. |
| 2. Date on which the Associate or Joint Venture was associated or acquired | N.A. |
| 3. Shares of Associate or Joint Ventures held by the company on the year end | N.A. |
| Number | N.A. |
| Amount of Investment in Associate or Joint Venture | N.A. |
| Extent of Holding (in percentage) | N.A. |
| 4. Description of how there is significant influence | N.A. |
| 5. Reason why the associate/ joint venture is not consolidated | N.A. |
| 6. Networth attributable to shareholding as per latest audited Balance Sheet | N.A. |
| 7. Profit or Loss for the year | N.A. |
| (i) Considered in Consolidation | N.A. |
| (ii) Not Considered in Consolidation | N.A. |

Notes

1. Names of associates or joint ventures which are yet to commence operations: **N.A.**
2. Names of associates or joint ventures which have been liquidated or sold during the year: **N.A.**

Details under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| Rule | Particulars | | | |
|-------------|--|---|---|--------|
| (i) | The Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year. | a | Late Sh. Avinash C. Gupta, Chairman & Whole Time Director | 27.14 |
| | | b | Mr. Arjun Gupta, Managing Director | 25.36 |
| | | c | Mr. Pawan Chopra, Independent Director | 0.76 |
| | | d | Mr. Arun Mitter, Independent Director | 0.76 |
| | | e | Ms. Anju Banerjee, Independent Director | 0.76 |
| (ii) | The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year. | a | Late Sh. Avinash C. Gupta, Chairman & Managing Director | -0.63% |
| | | b | Mr. Arjun Gupta, Whole Time Director | 0% |
| | | c | Mr. Pawan Chopra, Independent Director | -35% |
| | | d | Mr. Arun Mitter, Independent Director | -27 % |
| | | e | Ms. Anju Banerjee, Independent Director | -35% |
| | | f | Mr. Sandeep Kumar Vij, Chief Financial Officer | -1% |
| | | g | Mr. Suman Kumar Verma, Company Secretary | 22% |
| (iii) | The percentage increase in the median remuneration of employees in the financial year. | | | NIL |
| (iv) | The number of permanent employees on the rolls of the company. | | | 211 |

| | | |
|------|--|---|
| (v) | <p>Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.</p> | <p>There has been a decrease in average % age managerial remuneration including remuneration paid to KMPs by 29 %.</p> <p>There was an increment of 10.20% in the remunerations paid to other employees (excluding Directors and KMPs).</p> <p>The Managerial Remuneration is mainly subject to the limitations provided under the Companies Act, 2013.</p> <p>Increase in remuneration, if any, is based on Remuneration Policy of the Company that rewards people differentially based on their contribution to the success of the company and also ensures that external market competitiveness and internal relativities are taken care of.</p> |
| (vi) | <p>It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.</p> | |

Statement containing the particulars of employees in accordance with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

(a) List of Employees in terms of above provisions:

| Sl. No. | Name of the Employee | Designation | Remuneration (Rs. in Crore) | Qualification | Experience | Date of Joining | Date of Birth | Shareholding | Last Employment | Relationship with Director |
|---------|--------------------------------|--------------------------------|-----------------------------|-------------------------------|------------|---------------------|---|--------------|------------------|----------------------------|
| 1 | Late Sh. Avinash Chander Gupta | Chairman & Whole-time Director | 0.50 | Bachelor of Science | 58 | Since Incorporation | 26.10.1940 Passed away on 27 July 2019 | | Gannon Dunkerley | Please see note below |
| 2 | Sh. Arjun Gupta | Managing Director | 1.48 | Bachelor of Engineering (USA) | 27 | 01.01.1993 | 07.08.1970 | | Not Applicable | |

Note: Mr. Arjun Gupta is son of Late Sh. Avinash Chander Gupta

(b) List of employees of the Company employed throughout the financial year 2018-19 and were paid remuneration not less than Rs. 1.02 Crore per annum or Rs. 8.50 Lakh per month if employed for the part of the years:

| Sl. No. | Name of the Employee | Designation | Remuneration (Rs. in Crore) | Qualification | Experience | Date of Joining | Date of Birth | Shareholding | Last Employment | Relationship with Director |
|---------|--------------------------------|--------------------------------|-----------------------------|-------------------------------|------------|---------------------|---|--------------|------------------|----------------------------|
| 1 | Late Sh. Avinash Chander Gupta | Chairman & Whole-time Director | 0.50 | Bachelor of Science | 58 | Since Incorporation | 26.10.1940 Passed away on 27 July 2019 | | Gannon Dunkerley | Please see note below |
| 2 | Sh. Arjun Gupta | Managing Director | 1.48 | Bachelor of Engineering (USA) | 27 | 01.01.1993 | 07.08.1970 | | Not Applicable | |

Note: Mr. Arjun Gupta is son of Late Sh. Avinash Chander Gupta

Notes:

1. Mr. Avinash C Gupta is related to Mr. Arjun Gupta, Managing Director of the Company.
2. The contractual terms of Late Sh. Avinash C. Gupta, Chairman & Whole-time Director, Mr. Arjun Gupta, Managing Director are governed by the respective resolutions passed by the shareholders/ Board.
3. No other employee was employed for the part of the year and was paid remuneration during the financial year 2019-20 at a rate which in aggregate was not less than Rs. 8.50 lakhs per month.
4. No employee was in receipt of remuneration which in the aggregate is in excess of that drawn by the Managing Director or whole-time director and holds by himself or along with his/her spouse and dependent children, not less than two percent of the equity shares of the company.

**Secretarial Audit Report
for the financial year ended 31 March, 2020**

[Pursuant to section 204(1) of the Companies Act, 2013 and
Rule No.9 of the Companies (Appointment and Remuneration of Personnel) Rules, 2014]

To,

**The Members,
TECHNOFAB ENGINEERING LIMITED
CIN: L74210DL1971PLC005712**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **TECHNOFAB ENGINEERING LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31 March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2020 and made available to us, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time- **Not Applicable as there was no reportable event during the financial year under review;**
- d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **Not Applicable as there was no reportable event during the financial year under review;**
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not Applicable as there was no reportable event during the financial year under review;**
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client- **Not Applicable as there was no reportable event during the financial year under review;**
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not Applicable as there was no reportable event during the financial year under review;**
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018– **Not Applicable as there was no reportable event during the financial year under review;**

vi. As per management, there are no specific laws applicable to Company as stated in ICSI guidance note on secretarial audit.

We have also examined compliance with the applicable provisions of the following:

- (i) Secretarial Standards issued by “The Institute of Company Secretaries of India”;
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereto and Listing Agreements entered into by the Company with the National Stock Exchange of India Limited and BSE Limited.

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above except to the extent stated hereunder:-

The Company was in Non Compliance with regard to provisions of Regulation 33 of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as it failed to hold its Board meeting for approval of unaudited financial results for the quarter ended 31.03.2019, 30.06.2019, 30.09.2019, 31.12.2019 and

31.03.2020 within the prescribed time. The NSE & BSE also imposed fine for above non-compliance which was duly paid by the company.

We further report that the compliance by the company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of account has not been reviewed in this audit since the same has been subject to review by statutory financial audit and other designated professionals.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

We further report that, the systems and processes in the company needs to be strengthen further to be in commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the following events have occurred which had a major bearing on the company's affairs in pursuance of the laws, rules, regulations, guidelines, standards etc:-

a. The Company has defaulted in re-payment of its financial facilities during the year and the plan for restructuring of financial facilities has been submitted with the banks.

b. The Hon'ble National Company Law Tribunal (NCLT), New Delhi Bench (Court II) on the application of an Operational Creditor, M/s Consolidated Shipping Line (India) Pvt. Ltd. initiated Insolvency proceedings against the company vide its order No. (IB)-1670 (ND) 2019 dated 30 January 2020 issued under Section 9 of IBC, 2016 ('the Code') and declare moratorium under Section 14 of the Code. In this connection, Hon'ble NCLT appointed Sh. Anurag Gupta as IRP to take steps as mandated under the Code. The Company on 17.02.2020 further informed the exchanges that in furtherance to its earlier communication dated 31 January 2020 & 3 February 2020, Corporate Insolvency Resolution Process stands terminated and that the Company is released from the rigors of moratorium as the entire claim of the operational creditor is settled.

Limitations

It is to be that due to lockdown and social distancing guidelines issued by the Ministry of Home Affairs (MHA) on different dates for containment of spread of Covid-19, the abovementioned documents, registers, forms, etc. have not been physically verified by us, as being maintained by the Company at their offices. While we have taken all possible steps to verify the records as made available to us by the Company through electronic medium and taken confirmation from the Company, wherever required but the audit was done subject to limitation of availability of documents.

**For Naresh Verma & Associates
Company Secretaries**

**Naresh Verma
CP: 4424, FCS: 5403
UDIN: F005403B001134839**

**Place : Delhi
Date : 02.11.2020**

Note: This report is to be read with our letter of even date which is annexed as Annexure- A and forms an integral part of this.

To,

**The Members,
TECHNOFAB ENGINEERING LIMITED
CIN: L74210DL1971PLC005712**

Our report on even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Account of the company.
4. Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For Naresh Verma & Associates
Company Secretaries**

**Naresh Verma
CP: 4424, FCS: 5403
UDIN: F005403B001134839**

**Place: Delhi
Date: 02.11.2020**

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31 MARCH 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|-----|---|--|
| I | CIN | L74210DL1971PLC005712 |
| II | Registration Date | 20/07/1971 |
| III | Name of the Company | TECHNOFAB ENGINEERING LIMITED |
| IV | Category / Sub-Category of the Company | Public Limited Company |
| V | Address of the Registered office and contact details | 913, Hemkunt Chambers, 89 Nehru Place New Delhi- 110019 ; Telephone : +91-11-26411931, 26415961 Fax : ++91-11-26221521 Website : www.technofabengineering.com Email : cs@technofabengineering.com |
| VI | Whether listed company | Yes |
| VII | Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime (India) Private Limited Noble Heights, 1st Floor, Plot No. NH 2, LSC, C-1 Block, Near Savitri Market, Janakpuri, New Delhi-110058 Telephone : +91 11 4141 0592, Fax No. : +91 11 4141 0591, Website : www.linkintime.co.in Email : delhi@linkintime.co.in |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company are stated herein below:-

| Sl. No. | Name and Description of main products/ services | NIC Code of the Product/service | % to total turnover of the company |
|---------|--|---|------------------------------------|
| 1. | Long-distance pipelines, communication and power line (cables) and Construction Services | 99532414, 99532411, 99532412, 99532622, 99532624, 99532904, 99542323, 99542411, 99542412, 99542414, 99542533, 99542535, | 100% |

| | | | |
|--|--|--------------------|--|
| | | 99542538, 99542617 | |
|--|--|--------------------|--|

III.PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No | Name & Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of Shares held | Applicable Section |
|--------|---|-----------------------|--------------------------------|------------------|--------------------|
| 1 | Arihant Flour Mills Private Limited 913 Hemkunt Chambers 89 Nehru Place New Delhi- 110019 | U51109DL1992PTC106029 | Subsidiary | 100% | 2(87)(ii) |
| 2 | Woodlands Instruments Private Limited 913, Hemkunt Chambers 89 Nehru Place New Delhi- 110019 | U74220DL1996PTC078452 | Subsidiary | 100% | 2(87)(ii) |
| 3 | Rivu Infrastructural Developers Private Limited 913, Hemkunt Chambers 89 Nehru Place New Delhi- 110019 | U32109WB2005PTC101800 | Subsidiary | 100% | 2(87)(ii) |

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS PERCENTAGE OF TOTAL EQUITY)

Category-wise Share Holding

(i) Shareholding of Promoters

| Sl. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | Change during the year (% age) |
|--|---------------------------------------|---|----------------------------------|---|-------------------------------------|----------------------------------|---|--------------------------------|
| | | No. of Shares | % of total shares of the Company | % of Shares Pledged/ Encumbered to total shares | No. of Shares | % of total shares of the Company | % of Shares Pledged/ Encumbered to total shares | |
| Individuals/ Hindu Undivided Family | | | | | | | | |
| 1. | Avinash Chander Gupta | 3313096 | 31.58 | 27.79 | 920675 | 8.78 | 100 | (72.21) |
| 2 | Meera Gupta | 514321 | 4.90 | 00 | 514321 | 4.90 | 00 | 00 |
| 3 | Nakul Gupta | 471264 | 4.49 | 33.26 | 471264 | 4.49 | 33.26 | 00 |
| 4 | Arjun Gupta | 432872 | 4.13 | 33.26 | 2825293 | 26.93 | 5.10 | 552.69 |
| 5 | Gunjan Gupta | 11500 | 0.11 | 00 | 11500 | 0.11 | 00 | 00 |
| 6 | Sucheta Sarvadaman Nakul | 11500 | 0.11 | 00 | 11500 | 0.11 | 00 | 00 |
| Body Corporate | | | | | | | | |
| 7 | Bakool Venture Private Limited | 154028 | 1.47 | 00 | 154028 | 1.47 | 00 | 00 |
| 8 | Techfab Systems Private Limited | 78511 | 0.75 | 00 | 78511 | 0.75 | 00 | 00 |
| 9 | Techfab International Private Limited | 70934 | 0.68 | 00 | 70934 | 0.68 | 00 | 00 |

| | | | | | | | | |
|--|--------------|----------------|--------------|-----------|----------------|--------------|-----------|-------------|
| | TOTAL | 5058026 | 48.22 | 00 | 5058026 | 48.22 | 00 | 0.00 |
|--|--------------|----------------|--------------|-----------|----------------|--------------|-----------|-------------|

(ii) Change in Promoters' Shareholding (please specify, if there is no change)

| Sl. No | Shareholder's Name | Shareholding at the beginning of the year | | Shareholding at the end of the year | | Change during the year (% age) |
|--|-----------------------|---|----------------------------------|-------------------------------------|----------------------------------|--------------------------------|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company | |
| Individuals/ Hindu Undivided Family | | | | | | |
| 1. | Avinash Chander Gupta | 3313096 | 31.58 | 920675 | 8.78 | (72.21) |
| 2 | Arjun Gupta | 432872 | 4.13 | 2825293 | 26.93 | 552.69 |

Based on the paid up share capital of the Company as on 31 March 2020

*Mr. Avinash Chander Gupta, Mr. Arjun Gupta and Mr. Nakul Gupta belong to "Promoters" category.

However others in this table belong to "Promoters Group" category.

(iii) Shareholding pattern of top ten shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

| Sr No | Name & Type of Transaction | Shareholding at the beginning of the year - 2019 | | Transactions during the year | | Cumulative Shareholding at the end of the year - 2020 | |
|-------|------------------------------|--|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | NO.OF SHARES HELD | % OF TOTAL SHARES OF THE COMPANY | DATE OF TRANSACTION | NO. OF SHARES | NO OF SHARES HELD | % OF TOTAL SHARES OF THE COMPANY |
| 1 | PRAGMATIC TRADERS PVT LTD | 568476 | 5.4192 | | | 568476 | 5.4192 |
| | AT THE END OF THE YEAR | | | | | 568476 | 5.4192 |
| 2 | AVIATOR EMERGING MARKET FUND | 0 | 0.0000 | | | 0 | 0.0000 |
| | Transfer | | | 07 Jun 2019 | 292760 | 292760 | 2.7908 |
| | Transfer | | | 14 Jun 2019 | 226495 | 519255 | 4.9500 |
| | AT THE END OF THE YEAR | | | | | 519255 | 4.9500 |

| | | | | | | | |
|----|---|--------|--------|-------------|---------|--------|--------|
| 3 | BRIJ REAL ESTATE AND PROPERTY PRIVATE LIMITED | 480000 | 4.5758 | | | 480000 | 4.5758 |
| | AT THE END OF THE YEAR | | | | | 480000 | 4.5758 |
| 4 | BHAVI INVESTMENTS LIMITED | 418000 | 3.9847 | | | 418000 | 3.9847 |
| | AT THE END OF THE YEAR | | | | | 418000 | 3.9847 |
| 5 | ADESH VENTURES LLP | 413479 | 3.9416 | | | 413479 | 3.9416 |
| | AT THE END OF THE YEAR | | | | | 413479 | 3.9416 |
| 6 | MOGRA INVESTMENTS PVT LTD | 345000 | 3.2888 | | | 345000 | 3.2888 |
| | AT THE END OF THE YEAR | | | | | 345000 | 3.2888 |
| 7 | RAS PROJECTS LTD | 231000 | 2.2021 | | | 231000 | 2.2021 |
| | AT THE END OF THE YEAR | | | | | 231000 | 2.2021 |
| 8 | PRIYANKA FINANCE PVT LTD | 130350 | 1.2426 | | | 130350 | 1.2426 |
| | Transfer | | | 17 May 2019 | (14989) | 115361 | 1.0997 |
| | Transfer | | | 24 May 2019 | (3466) | 111895 | 1.0667 |
| | Transfer | | | 31 May 2019 | (4446) | 107449 | 1.0243 |
| | AT THE END OF THE YEAR | | | | | 107449 | 1.0243 |
| 9 | DEENAR KRISHNARAO TORASKAR | 104339 | 0.9947 | | | 104339 | 0.9947 |
| | AT THE END OF THE YEAR | | | | | 104339 | 0.9947 |
| 10 | KEI INDUSTRIES LTD. | 104228 | 0.9936 | | | 104228 | 0.9936 |
| | AT THE END OF THE YEAR | | | | | 104228 | 0.9936 |
| 11 | AVIATOR GLOBAL INVESTMENT FUND | 519255 | 4.9500 | | | 519255 | 4.9500 |

| | | | | | | | |
|--|------------------------|--|--|-------------|----------|--------|--------|
| | Transfer | | | 31 May 2019 | (83920) | 435335 | 4.1500 |
| | Transfer | | | 07 Jun 2019 | (294380) | 140955 | 1.3437 |
| | Transfer | | | 14 Jun 2019 | (140955) | 0 | 0.0000 |
| | AT THE END OF THE YEAR | | | | | 0 | 0.0000 |

Based on the paid up share capital of the Company as on 31 March 2020

Note.: Please note that the shareholdings mentioned above including elsewhere appearing in this report are based on the PAN of the shareholders having one or more folios.

(iv) Shareholding of Directors & Key Managerial Personnel

| Sl. No | Shareholder's Name | Shareholding | | Date | Increase / (Decrease) in Share holding | Reason | Cumulative shareholding during the year | |
|--------|---|---|---|--------------|--|--|---|----------------------------------|
| | | No. of shares at the beginning (01 April' 2019)/ end of the year 31 Mar' 2020 | % of the total shares at the beginning (01 April' 2019)/ end of the year 31 Mar' 2020 | | | | No. of shares | % of total shares of the company |
| 1. | Avinash Chander Gupta Chairman & Whole-time Director | (3313096) | (31.58) | (31.03.2019) | | Off Market Interse Transfer | - | - |
| | | 920675 | 8.78 | 31.03.2020 | | | | |
| 2. | Nakul Gupta Whole Time Director | (471264) | (4.49) | (31.03.2019) | | Nil Moveme nt during the year | - | - |
| | | 471264 | 4.49 | 01.04.2020 | - | | | |
| 3. | Arjun Gupta Managing Director | (432872) | (4.13) | (31.03.2019) | | Off Market Interse Transfer | - | - |
| | | 2825293 | 26.93 | 01.04.2020 | - | | | |
| 4. | Pawan Chopra | (400) | (0.004) | (31.03.2019) | | Nil | | |

| | | | | | | | | |
|----|--|--------------|--------------|----------------------------|---|---------------------------------|---|---|
| | Independent Director | 400 | 0.004 | 01.04.2020 | - | Movement during the year | - | - |
| 5. | Arun Mitter Independent Director | (Nil) Nil | (Nil) Nil | (31.03.2019) 01.04.2020 | - | Nil Movement during the year | - | - |
| 6. | Anju Banerjee Independent Director | (Nil) Nil | (Nil) Nil | (31.03.2019) 01.04.2020 | - | Nil Movement during the year | - | - |
| 7. | Sandeep Kumar Vij Chief Financial Officer (KMP) | (Nil) Nil | (Nil) Nil | (31.03.2019) 01.04.2020 | - | Nil Movement during the year | - | - |
| 8. | Suman Kumar Verma Company Secretary (KMP) | (Nil) 5 | (Nil) 0 | (31.03.2019) 01.04.2020 | - | Online Purchase | - | - |

(v) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager

| Sl. No. | Particulars of Remuneration | Name of MD/ WTD/Manager | | Total Amount (Rs. in Crore) |
|---------|---|-------------------------------|-------------|--------------------------------|
| | | Late Avinash Chander Gupta | Arjun Gupta | |
| 1 | Gross Salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 0.50 | 1.48 | 1.98 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |

| | | | | |
|----|-------------------------------|--|---------------------------------|---------------------------------|
| 4 | Commission | - | - | - |
| | - as % of profit | - | - | - |
| | - others, specify | 00 | 00 | 00 |
| 5. | Others, please specify | As per the terms of Appointment | As per the terms of Appointment | As per the terms of Appointment |
| | Total (A) | 0.50 | 1.48 | 1.98 |
| | Ceiling as per the Act | As per schedule V of Companies Act, 2013 | | |

Remuneration to Other Directors

| Sl. No. | Particulars of Remuneration | Name of Director | | | Total Amount (Rs. in Lakh) |
|---------|--|------------------|--------------|---------------|----------------------------|
| | | Arun Mitter | Pawan Chopra | Anju Banerjee | |
| | - Fee for attending board committee meetings | 4.40 | 4.40 | 4.40 | 13.20 |
| | - Commission | Nil | Nil | Nil | Nil |
| | - others, please specify | Nil | Nil | Nil | Nil |
| | Total (1) | 4.40 | 4.40 | 4.40 | 13.20 |
| | Other Non- Executive Directors | | | | |
| | - Fee for attending board committee meetings | Nil | Nil | Nil | Nil |
| | - Commission | Nil | Nil | Nil | Nil |
| | - others, please specify | Nil | Nil | Nil | Nil |
| | Total (2) | Nil | Nil | Nil | Nil |
| | Total (B)=(1+2) | 4.40 | 4.40 | 4.40 | 13.20 |
| | Total Managerial Remuneration | | | | |

Managerial Remuneration is within the overall ceiling as per the Act excluding sitting fee i.e 1% of net profits of the Company

C. Remuneration to Key Managerial Personnel Other than MD/ Manager/ WTD

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | Total Amount (Rs. in Lakh) |
|---------|--|---|---|-------------------------------|
| | | Mr. Sandeep Kumar Vij, Chief Financial Officer | Mr. Suman Kumar Verma, Company Secretary | |
| 1. | Gross Salary | | | |
| | (a) Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961 | 50.27 | 14.15 | 64.42 |
| | (b) Value of perquisites u/s 17 (2) Income-tax Act, 1961 | Nil | Nil | Nil |
| | (c) Profits in lieu of salary under section 17 (3) Income-tax Act, 1961 | Nil | Nil | Nil |
| 2. | Stock Option | Nil | Nil | Nil |
| 3. | Sweat Equity | Nil | Nil | Nil |
| 4. | Commission | Nil | Nil | Nil |
| | - as % of profit | Nil | Nil | Nil |
| | - other specify | Nil | Nil | Nil |
| 5. | Others, please specify | Nil | Nil | Nil |
| | Total | 50.27 | 14.15 | 64.42 |

V. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

| Types | Section of the companies Act | Brief description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD/NCLT/ Court] | Appeal made, If any (give details) |
|-------------------|------------------------------|-------------------|---|----------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | | | | | |
| Punishment | | | NIL | | |

| | |
|-------------------------------------|-----|
| Compounding | |
| B. Directors | |
| Penalty | NIL |
| Punishment | |
| Compounding | |
| C. Other Officers In Default | |
| Penalty | NIL |
| Punishment | |
| Compounding | |

Annexure [E] to Directors' Report

FORM AOC - 2

(Pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

| | | |
|--|---|----|
| (a) (b) (c) (d) (e) (f) (g) (h) (i) (j) | Name(s) of the related party and nature of relationship Nature of contracts/arrangements/transactions Duration of the contracts / arrangements/transactions Salient terms of the contracts or arrangements or transactions including the value, if any Justification for entering into such contracts or arrangements or transactions date(s) of approval by the Board Amount paid as advances, if any Date on which the special resolution was passed Amount paid as advances, if any Date on which (a) the special resolution was passed in general meeting as required under Section 188 of the Companies Act, 2013 | NA |
|--|---|----|

2. Details of material contracts or arrangement or transactions at arm's length basis:

| (a) | (b) | (c) | (d) | (e) | (f) |
|--|---|---|--|--|---------------------------------|
| Name(s) of the related party and nature of relationship | Nature of contracts/arrangements/transactions | Duration of the contracts/arrangements/transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Date(s) of approval by the Board, if any | Amount paid as advances, if any |
| -As per Note No. 49 attached with the Financial Statements- | | | | | |

For and on behalf of the Board

Place: Faridabad
Date : 11 February 2021

Arjun Gupta
Chairman

REPORT ON CORPORATE GOVERNANCE

In Compliance with the requirements of Regulation 34(3) read with Clause C of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereto (the "Listing Regulations"), the Company hereby submits the report on matters as mentioned in the Listing Regulations and Corporate Governance practices followed by the Company. The information provided in the report on Corporate Governance for the purpose of uniformity is as on 31st March 2020 and same forms part of the Director's Report. However the report is updated as on the date of the report wherever deemed necessary.

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Technofab Engineering firmly believes that Corporate Governance is a culture under which an organization is nurtured and flourishes by using its core values and the means by which it fulfills the public trust. It is not just a compliance with laws and ethical standards, instead it is an important business investment which is not only necessary to preserve the Company's reputation but also crucial for obtaining and retaining the business. The Company recognizes the rights of its shareholders and encouragement of co-operation between listed entity and shareholder participation. It also endeavors to enhance an effective shareholder participation in key corporate governance decisions.

Corporate Governance rests upon the four pillars of transparency, disclosure, monitoring and fairness to all. At Technofab Engineering, it is believed that transparent, ethical and responsible corporate governance practices are essential in enhancing and retaining stakeholder trust. Corporate Governance is an integral part of the philosophy of the Company in its pursuit of excellence, growth and value creation. In addition to complying with the statutory requirements, effective governance systems and practices towards improving transparency, disclosures, internal controls and promotion of ethics at work place have been institutionalized. The Company recognizes that good governance is a continuing exercise and reiterates its commitment to pursue the highest standards of Corporate Governance in the overall interest of all its stakeholders.

II. BOARD OF DIRECTORS

Composition of the Board

As on the date of this report, Technofab Engineering's Board consists of 4 (Four) Directors, which comprises of 1(one) Executive Promoter Directors and 3(three) Non-Executive Independent Directors. Among three Non-Executive Independent Directors 1 (one) is Woman Director. The Board is chaired by an Executive Director. During the financial covered under this report, the composition of the Board is in conformity with the Listing Regulations enjoining specified combination of Executive, Non-Executive and Independent Directors, with not less than 50 percent of the Board comprising of Non-Executive Directors and at least one-half comprising of Independent Directors for a Board chaired by Executive Director. Independent directors constitute 75 % of the Board's strength – more than the requirements of the Companies Act, 2013 and the Listing Regulations as shown in the table below:

| Category | No. of Directors |
|------------------------------------|------------------|
| Non-Executive/Independent Director | 3 |
| Executive Director | 1 |

Total

4

The Board periodically evaluates the need for change in its size and composition.

Director's Attendance Record

As mandated by Regulation 26 of the Listing Regulations, none of the Director is a member of more than 10(ten) Board level Committees or Chairman of more than 5(five) Committees across companies in which he/she is a Director.

Relevant details of the Board during the year ended 31ST March 2020 are given below:

| Name of Director | Category# | Attendance Particulars | | |
|----------------------------|-----------|------------------------|----------|--------------------------------|
| | | No. of Board Meetings | | Last AGM held on 25.09.2019 |
| | | Held | Attended | |
| Mr. Avinash Chander Gupta* | ED | 5 | 0 | No |
| Mr. Arjun Gupta | ED | 5 | 5 | Yes |
| Mr. Pawan Chopra | NEID | 5 | 5 | Yes |
| Mr. Arun Mitter | NEID | 5 | 5 | Yes |
| Ms. Anju Banerjee | NEID | 5 | 5 | Yes |

*Mr. Avinash C. Gupta passed away on 27 July 2019.

NEID – Non-Executive Independent Director; ED – Executive Director

^ED-Executive Director

Mr. Arjun Gupta is son of Late Sh. Avinash C Gupta. None of the other Directors is inter-se related.

The responsibilities and authority of Chairman and Managing Director are as follows:

The Chairman is the leader of the Board. As Chairman, he is responsible for fostering and promoting the integrity of the Board while nurturing a culture where the Board works harmoniously for the long-term benefit of the Company and all its stakeholders. The Chairman is primarily responsible for ensuring that the Board provides effective governance to the Company. In doing so, the Chairman will preside over meetings of the Board and of the shareholders of the Company.

Managing Director is responsible for corporate strategy, planning, external contacts and all matters related to the management of the Company. He is also responsible for achieving annual and long-term business targets, maintaining awareness of both the external and the internal competitive landscape, opportunities for expansion, customers, markets, new

industry developments and standards, and acquisitions for enhancing shareholder value and implementing the organization's vision, mission, and overall direction.

Other Directorships/ Committee Memberships

| No. of other Directorships and Committee Memberships/ Chairmanships held* | | | | | |
|---|---|-----------------------|-------------------------|---------------------------------------|--------------------------|
| Name of Director | No. of Directorships held in Public Companies | Committee Memberships | Committee Chairmanships | Name of Listed Company % | Category of directorship |
| Late Sh. Avinash C. Gupta* | Nil | Nil | | | |
| Mr. Arjun Gupta | Nil | Nil | Nil | Nil | Nil |
| Ms. Anju Banerjee | Nil | Nil | Nil | Nil | Nil |
| Mr. Arun Mitter | 6 | 4 | Nil | Jayabharat Credit Limited | Director |
| | | | | Bahubali Services Limited | Director |
| | | | | The Motor and General Finance Limited | Whole Time Director |
| Mr. Pawan Chopra | 1 | 3 | 0 | Nil | Nil |

*1. Excluding directorships in Private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013. These include Directorship and Committee Membership of Technofab Engineering Limited.

2. Only two Committees viz. the Audit Committee and the Stakeholders Relationship Committee are considered.

% Other than Technofab Engineering Limited

Number of Board Meetings:

During the financial year ended 31 March 2020, five (5) meetings of the Board of Directors were held and the maximum time gap between two (2) meetings did not exceed one hundred and twenty days. The dates on which the Board Meetings were held are 24 June 2019, 14 August 2019, 23 August 2019, 21 November 2019, and 27 February 2020.

Independent Directors: Definition

The Companies Act, 2013 and the Listing Regulations define an 'independent director' as a person who is not a promoter or employee or one of the key managerial personnel of the company or its subsidiaries. They also state that the person should not have a material pecuniary relationship or

transactions with the company or its subsidiaries, apart from receiving remuneration as an independent director.

Composition

The Company has three Independent Directors on its Board viz. Mr. Pawan Chopra, Mr. Arun Mitter and Ms. Anju Banerjee. All the Independent Directors meet the criteria prescribed under Sections 149 (6) including other applicable provisions, if any, of the Companies Act, 2013 read with the Rules issued there under and those under Listing Regulations. The Independent Directors have also submitted declarations to the effect that they meet the criteria of Independence as per the provisions of the Companies Act, 2013 and those provided under Listing Regulations. Further, the Independent Directors have confirmed that they do not hold directorship in more than such maximum number of listed/public companies as are prescribed under Regulation 25(1) of the Listing Regulations. The Company had also issued formal appointment letters to all the Independent Directors in the manner provided under the Companies Act, 2013 and Listing Regulations. The terms & conditions of the letter of appointment of Independent Directors is available on the website of the Company viz. www.technofabengineering.com

The shareholding of the Non-Executive Directors of the Company as on the date of this report is as follows:

| Name of Director | Nature of Directorship | No. of Shares held | % of the paid up share capital |
|-------------------|------------------------------------|--------------------|--------------------------------|
| Mr. Pawan Chopra | Non-Executive Independent Director | 400 | 0.004 |
| Mr. Arun Mitter | Non-Executive Independent Director | NIL | NIL |
| Ms. Anju Banerjee | Non-Executive Independent Director | NIL | NIL |

Key Board qualifications, expertise and attributes

The Board recognizes various core skills, expertise and competence as required in the context of Company's business and sector(s) for it to function effectively. The Board comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective contribution to the Board and its committees. The Board members are committed to ensuring that the Board is in compliance with the highest standards of corporate governance.

The table below summarizes the key qualifications, skills, and attributes which are identified by the Board as required.

| Key Board qualifications, expertise and attributes | Definition |
|--|--|
| Financial | Leadership of a financial firm or management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation, and financial reporting processes, or experience in actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions |

| | |
|---|---|
| Gender, ethnic, national, or other diversity | Representation of gender, ethnic, geographic, cultural, or other perspectives that expand the Board's understanding of the needs and viewpoints of our customers, partners, employees, governments, and other stakeholders worldwide |
| Global business | Experience in driving business success in markets around the world, with an understanding of diverse business environments, economic conditions, cultures, and regulatory frameworks, and a broad perspective on global market opportunities |
| Leadership | Extended leadership experience for a significant enterprise, resulting in a practical understanding of organizations, processes, strategic planning, and risk management. Demonstrated strengths in developing talent, planning succession, and driving change and long-term growth |
| Technology | A significant background in technology, resulting in knowledge of how to anticipate technological trends, generate disruptive innovation, and extend or create new business models |
| Board service and governance | Service on a public company board to develop insights about maintaining board and management accountability, protecting shareholder interests, and observing appropriate governance practices |
| Sales and marketing | Experience in developing strategies to grow sales and market share, build brand awareness and equity, and enhance enterprise reputation |

In the table below, the specific areas of focus or expertise of individual Board members have been highlighted. However, the absence of a mark against a member's name does not necessarily mean the member does not possess the corresponding qualification or skill.

KEY BOARD QUALIFICATIONS

| Name of Director | Financial | Diversity | Global business | Leadership | Technology | Board service and governance | Sales and marketing |
|-------------------------|------------------|------------------|------------------------|-------------------|-------------------|-------------------------------------|----------------------------|
| Mr. Arjun Gupta | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Pawan Chopra | ✓ | ✓ | | ✓ | | ✓ | |
| Mr. Arun Mitter | ✓ | ✓ | ✓ | ✓ | | ✓ | |

| | | | | | | | |
|-------------------|---|---|--|---|--|---|--|
| Ms. Anju Banerjee | ✓ | ✓ | | ✓ | | ✓ | |
|-------------------|---|---|--|---|--|---|--|

Board Procedures:

The Board meets at least once in a quarter to review financial results and operations of the Company. In addition to the above, the Board also meets as and when necessary to address specific issues concerning the businesses of the Company. The tentative annual calendar of Board Meetings for the ensuing year is decided in advance by the Board.

The Board Meetings are governed by a structured Agenda. The Agenda along with detailed explanatory notes and supporting material are circulated in advance before each meeting to all the Directors for facilitating effective discussion and informed decision making. The Board has complete access to any information within the Company which includes the information as specified in Regulation 17(7) of the Listing Regulations and they are updated about their roles and responsibilities in the Company.

Familiarization Program for the Independent Directors:

The Independent Directors are briefed both to provide them an opportunity to familiarize with the Company, its management and its operations as well as on the development in Company Law including other related laws so as to gain a clear understanding of their roles and responsibilities and contribute significantly towards the growth of the Company. They have full opportunity to interact with Senior Management Personnel and are provided all the documents required & sought by them for enabling them to have a good understanding of the Company, its various operations & the industry of which it is a part.

The initiatives undertaken by the Company in this respect has been disclosed on the website of the Company viz. www.technofabengineering.com

Evaluation of Board Effectiveness:

In terms of provisions of the Companies Act, 2013 read with Rules issued there under and Regulation 17(10) of the Listing Regulations including any amendment thereto, the performance evaluation of Independent Directors, entire Board of Directors including Committee thereof, on the basis of the evaluation criteria laid down by the Nomination and Remuneration Committee as per the Circular issued by SEBI, are carried out regularly. The aforementioned performance evaluations were carried out on the basis of the various criteria which are mentioned briefly in the Nomination and Remuneration Policy of this Report.

III. COMMITTEES OF THE BOARD

The Board of Directors has constituted Committees of Directors with adequate delegation of powers to discharge urgent business of the Company. Committee members are appointed by the Board. The Committees meet as often as required.

Each Committee has its own charter. The Charters of Committees set forth the purposes, goals and responsibilities of the Committees.

The various Committees are:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholder Relationship Committee
4. CSR Committee
5. Management Sub Committee

The details regarding terms of reference, composition, quorum and other details of the Corporate Governance Committees are as under:

A. AUDIT COMMITTEE

Composition:

The composition of the Audit Committee is in line with the provision of Section 177 of the Companies Act, 2013 and those of the Listing Regulations. The Members of the Audit Committee are financially literate. The Chairman of the Audit Committee is having accounting and financial management expertise. The Committee invites among others, Statutory Auditors, Internal Auditors and the Chief Financial Officer of the Company to attend its meetings. The Audit Committee comprises of the following Directors.

The Composition of Audit Committee is as under:

1. Mr. Arun Mitter : Chairman, Independent, Non-Executive
2. Mr. Pawan Chopra : Member, Independent, Non-Executive
3. Ms. Anju Banerjee : Member, Independent, Non-Executive
4. Mr. Arjun Gupta : Member, Executive Director

The Company Secretary of the Company acts as the Secretary to the Committee.

Meetings and Attendance:-

During the financial year covered under this report, five (5) Audit Committee meetings were held viz., 24 June 2019, 14 August 2019, 23 August 2019, , 21 November 2019 and 27 February 2020.

The attendance details are as under: -

| Name of the Member | Meeting details | |
|--------------------|-----------------|----------|
| | Held | Attended |
| Mr. Arun Mitter | 5 | 5 |
| Mr. Pawan Chopra | 5 | 5 |
| Ms. Anju Banerjee | 5 | 5 |
| Mr. Arjun Gupta | 5 | 5 |

The Audit Committee monitors and effectively supervises the Company's financial reporting process with a view to provide accurate, timely and proper disclosure and maintain the integrity and quality of financial reporting. The Audit Committee also reviews from time to time, the audit and internal control procedures, the accounting policies of the Company, oversight of the Company's financial reporting process so as to ensure that the financial statements are correct, sufficient and credible. The scope of activities and terms of reference of the Audit

Committee is governed by a Charter which is in line with the provisions of Section 177 of the Companies Act, 2013 and those of the Listing Regulations.

(a) The role of the Audit Committee, inter alia, includes the following:

- (1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) matters required to be included in the Director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions; and
 - (g) modified opinion(s) in the draft audit report.
- (5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) Approval or any subsequent modification of transactions of the Company with related parties;
- (9) Scrutiny of inter-corporate loans and investments;
- (10) Valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) Evaluation of internal financial controls and risk management systems;
- (12) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;

- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) Discussion with internal auditors of any significant findings and follow up there on;
- (15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) To review the functioning of the whistle blower mechanism;
- (19) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (19A) review compliance with the provisions of SEBI (Prohibition Of Insider Trading) Regulations, 2018 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively;
- (20) Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision; and
- (21) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

(b) The audit committee shall mandatorily review the following information:

- (1) Management discussion and analysis of financial condition and results of operations;
- (2) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (3) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) Internal audit reports relating to internal control weaknesses;
- (5) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; and
- (6) Statement of deviations:
 - (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.

(b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the Listing Regulations.

B. NOMINATION & REMUNERATION COMMITTEE

Composition:

In Compliance with the provisions Section 178 of the Companies Act, 2013 and those of Regulation 19 of the Listing Regulations, the Board of Directors has constituted a Nomination and Remuneration Committee consisting of following Members

1. Mr. Pawan Chopra : Chairman, Independent, Non-Executive
2. Mr. Arun Mitter : Member, Independent, Non-Executive
3. Ms. Anju Banerjee : Member, Independent, Non-Executive

The Company Secretary of the Company acts as the Secretary to the Committee.

Terms of reference:

The role of the Nomination and Remuneration committee, inter-alia, includes the following:

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, key managerial personnel and other employees;
- (2) Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- (3) devising a policy on diversity of Board of Directors;
- (4) identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal; and
- (5) whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- (6) recommend to the board, all remuneration, in whatever form, payable to senior management.

Meetings and Attendance:-

The Committee met once during the financial year ended 31 March 2020 i.e. on 14 August 2019 and all the members attended the said meetings.

Policy of the Nomination and Remuneration Committee:

Section 178 of the Companies Act, 2013 read with the Listing Regulations have made it mandatory for all listed companies to appoint a Nomination and Remuneration Committee, inter alia for the purpose of identifying persons who are qualified to be appointed as Directors or be appointed in key management/ senior management of the Company. In line with the aforementioned provisions, the Nomination and Remuneration Committee of the Company has also a Nomination and Remuneration policy in place.

Objective of the Policy:

The objective of the Policy inter alia includes ensuring *Board Diversity* and *Independence* in order to help provide the maximum experience and access to knowledge that can be derived from the Board. The objective of the Policy is also to keep it in alignment with the existing HR Policy of the Company in so far as any appointment of key managerial personnel and senior management is concerned.

Board Diversity

In order to meet this objective, the Company appoints on its Board requisite number of persons having diversity of thought, experience, knowledge, perspective and gender in the Board of Directors.

Board Independence

In order to meet this objective, the Company appoints on its Board requisite number of Independent Directors, who meet the criteria of Independence prescribed under Companies Act, 2013 as well as under the Listing Regulations as amended from time to time.

Criteria for Determination of Remuneration

The Remuneration policy aims at encouraging and rewarding good performance/contribution for the Company's objective. The remuneration payable should be fair and reasonable and be determined after taking into account, level of skill, knowledge and core competence of individual, functions, duties and responsibilities.

The remuneration payable to executive Directors are recommended by the Nomination and Remuneration Committee after taking into consideration the stipulation made under Section 197 and Schedule V of the Companies Act, 2013 read with the HR Policy of Company, wherever applicable. The recommendations so made are subsequently approved by the Board and the Shareholders in accordance with the Companies Act, 2013.

Criteria of making payments to Non-executive Directors

The Company considers the time and efforts put in by the Non-Executive Directors in deliberations at Board/Committee meetings. They are compensated through sitting fees which are within the limits prescribed under the Companies Act, 2013, as per table below, for attending the meetings and are not entitled to any other payments.

| Sl. No. | Nature of Meeting | Sitting Fees Payable (Rs.) |
|----------------|--|-----------------------------------|
| 1. | Board | 40,000 |
| 2. | Audit Committee | 40,000 |
| 3. | Nomination & Remuneration Committee | 40,000 |
| 4. | Stakeholders' Relationship Committee | 40,000 |
| 5. | Shareholders / Investors Grievance Committee | 40,000 |

Criteria for Performance Evaluation

Pursuant to applicable provisions of the Companies Act, 2013 and the Listing Regulations, the Board, in consultation with its Nomination & Remuneration Committee, has formulated a framework containing, inter-alia, the process, format, attributes and criteria for performance evaluation of the entire Board of the Company, its Committees and Individual Directors, including Independent Directors. The framework is monitored, reviewed and updated by the

Board, in consultation with the Nomination and Remuneration Committee, based on need and new compliance requirements.

The process of the annual performance evaluation broadly comprises:

Board and Committee Evaluation:

For evaluation of the entire Board and its Committees a structured questionnaire, covering various aspects of the functioning of the Board and its Committee, such as, adequacy of the constitution and composition of the Board and its Committees, matters addressed in the Board and Committee meetings, processes followed at the meeting, Board's focus, regulatory compliances and Corporate Governance, etc., is in place. Evaluation of Board as a whole and the Committees is done by the individual Directors, followed by submission of collation to the NRC and feedback to the Board.

Independent / Non-Executive Directors Evaluation:

The criteria for *evaluation of independent directors done by the entire board of directors includes (a) performance of the directors:* For evaluation of individual Director's performance, the questionnaire covers various parameters like his/her profile, contribution in Board and Committee meetings, execution and performance of specific duties, obligations, regulatory compliances and governance, etc. Additional criteria for evaluation of Independent Directors include effective deployment of knowledge and expertise, commitment to his/her role towards the Company and various stakeholders, willingness to devote time and efforts towards his/her role, high ethical standards, adherence to applicable codes and policies, effective participation and application of objective independent judgment during meetings, etc.

(b) fulfillment of the independence criteria as specified in these regulations and their independence from the management: Evaluation by every Board Members are carried out besides taking declaration from each of the Independent Directors.

Evaluation done by Board members excluding the Director being evaluated is submitted to the Chairman of your Company and individual feedback provided to each Director.

Chairman/Executive Director Evaluation:

The performance of Chairman and Executive Directors are evaluated on certain additional parameters depending upon their roles and responsibilities. For the Chairman the criteria includes leadership, relationship with stakeholders etc., for the Executive Directors the criteria includes execution of business plans, risk management, achievement of business targets, development of plans and policies aligned to the vision and mission of the Company, etc. Evaluation as done by the individual Directors is submitted to the Chairperson of the NRC and subsequently to the Board.

The Independent Directors couldn't met separately during FY 20 due to lock down.

The Nomination and Remuneration Committee has also carried out evaluation of every Director's performance.

The performance evaluation of all the Independent Directors have been done by the entire Board, excluding the Director being evaluated. On the basis of performance evaluation done by the Board, it determines whether to extend or continue their term of appointment, whenever the respective term expires.

The Directors expressed their satisfaction with the evaluation process.

Succession Plan:

The Board of Directors continuously reviews the plans for orderly succession for appointment to the Board of Directors and Senior Management.

DETAILS OF THE REMUNERATION PAID TO THE DIRECTORS FOR THE YEAR COVERED UNDER THIS REPORT

Remuneration to Directors:

The Remuneration/Sitting fees paid to the Directors during the financial year ended 31 March 2020 are mentioned below:

| Sl. No. | Name of Director | Salary & Allowance | Commission | Sitting Fees | (Amount in Rs.) |
|---------|--------------------------|--------------------|------------|--------------|-----------------|
| | | | | | Total |
| 1. | Late Sh. Avinash C Gupta | 50,95,161 | - | - | 50,95,161 |
| 2. | Mr. Arjun Gupta | 1,48,50,000 | - | - | 1,48,50,000 |
| 4. | Mr. Arun Mitter | - | - | 4,40,000 | 4,40,000 |
| 5. | Mr. Pawan Chopra | - | - | 4,40,000 | 4,40,000 |
| 6. | Ms. Anju Banerjee | - | - | 4,40,000 | 4,40,000 |

C. STAKEHOLDER RELATIONSHIP COMMITTEE

Composition:

In Compliance with the provisions Section 178(5) of the Companies Act, 2013 and those of Regulation 20 of the Listing Regulations, the Board of Directors has Stakeholder Relationship Committee comprising of following Members:

1. Ms. Anju Banerjee : Chairperson, Independent, Non-Executive Director
2. Mr. Arun Mitter : Member, Independent, Non-Executive Director
3. Mr. Pawan Chopra : Member, Independent, Non-Executive Director

The Company Secretary of the Company acts as Secretary to the Committee.

Brief Description of Terms of Reference of Stakeholder Relationship Committee:-

The Committee performs various functions covered under Section 178 of the Companies Act, 2013 read with Regulation 20 of the Listing Regulations which inter alia covers following:

(1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non - receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

(2) Review of measures taken for effective exercise of voting rights by shareholders.

(3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.

(4)Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.”

The Company Secretary cum Compliance Officer of the Company has been delegated the power to approve transfer and transmission of physical shares and other matters like consolidation of certificates, issue of duplicate share certificates, dematerialization/ rematerialization of shares in stipulated period of time.

Meetings and Attendance:

During the financial year covered under this report, no meeting of Stakeholders Relationship Committee meetings was held.

OTHER COMMITTEES

Corporate Social Responsibility Committee (CSR Committee):

In accordance with the provisions of the Companies Act, 2013, the Board of Directors had constituted CSR Committee to formulate and recommend the Board a CSR Policy in indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013. However the provisions are now not applicable to the Company in view of losses incurred by the Company.

Compliance Officer:

The Company Secretary of the Company is designated as Compliance Officer of the Company by the Board and his contact details are as follows:

Technofab Engineering Limited
Plot No. 5, Sector-27C
Mathura Road, Faridabad-121003
Ph : +91-129-2270202
Fax : +91-129-2270201
E-mail : investors@technofabengineering.com

The Company welcomes the members to make more effective use of the electronic means to communicate with their Company for quicker redressal of their grievances. The Company has appointed a Share Transfer Agent, whose particulars are given elsewhere in this report. The members may address their queries / complaints to the above address / phone / fax / e-mail id or to those of the Registrar's. The Company also redresses shareholders complaint coming through SEBI-SCORES mail id.

Details of Investor's Complaint

There were no complaints received from investors/shareholders during financial year 2019-2020 except few relating to non-receipt of Annual Reports which had been resolved immediately. There were no pending complaints at the end of financial year.

III. GENERAL BODY MEETINGS

Details of last three Annual General Meetings are as under:

| Year | Date | Time | Venue | No. of Special Resolutions passed at the AGM |
|---------|-------------------|----------|---|--|
| 2016-17 | 29 September 2017 | 10:30 AM | Lok Kala Manch, 20, Lodhi Institutional Area, Lodhi Road, New Delhi - 110003 | 4 |
| 2017-18 | 28 September 2018 | 10:30 AM | LPS Auditorium, Phd Chamber of Commerce and Industry, Phd House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 | 4 |
| 2018-19 | 20 September 2019 | 11:00 AM | Modi Hall, PHD Chamber of Commerce and Industry, PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 | 7 |

Postal Ballot:

During the year, no Postal Ballot process was initiated for passing any resolution.

V. DISCLOSURES

a. Related Party Transactions:

The Company has not entered into any materially significant transactions with the related parties during the year covered under this report. Transactions with related parties are being disclosed in the Notes to Accounts forming part of the Annual Report and are transacted after obtaining applicable approval(s), wherever required. The Audit Committee and the Board of Directors of the Company have formulated the Policy on dealing with Related Party Transactions and a Policy on materiality of Related Party Transactions is available on the website of the Company viz. www.technofabengineering.com

b. Subsidiary Companies:

The Company has three unlisted Indian Subsidiary Companies viz. Arihant Flour Mills Private Limited, Woodlands Instruments Private Limited and Rivu Infrastructural Developers Private Limited. None of them is material subsidiary company in terms of Regulation 16(1)(c) of the Listing Regulations. The Board of Directors of the Company formulated a policy for determining "material" subsidiaries. The said Policy has been placed on the website of the Company viz. www.technofabengineering.com

c. Re-appointment of Directors liable to retire by rotation:

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting as required under Regulation 36 of the Listing Regulations is annexed to the Notice convening Annual General Meeting and forms part of this Annual Report.

d. Non-Compliances by the Company :

During the last three financial years, there were no strictures or penalties imposed on the Company either by the Stock Exchanges or SEBI, or any other statutory authority for non-compliance of any matter related to capital markets except those in accordance with SOP circular for delayed submission of financial results already detailed under Secretarial Audit Report and the reasons are given in the Directors' Report. The trading of the Company is suspended due to this reason until the date of reporting of this Corporate Governance Report.

e. Vigil Mechanism and Whistle Blower Policy:

The Company is committed to develop a culture of highest standards of ethical, moral and legal business conduct wherein it is open for communication regarding the Company's business practices, avenues for employees to raise concerns about any poor or unacceptable practice and to protect employees from unlawful victimization, retaliation or discrimination for their having disclosed or reported fraud, unethical behavior, violation of Code of Conduct, questionable accounting practices, grave misconduct etc.

To enforce the above, the Company has put in place a Whistle Blower Policy with a view to provide opportunity to employees to raise a concern about the serious irregularities within the company and to provide the necessary safeguards to these employees from unlawful victimization. The Company has amended the Policy in accordance with the recent amendment in SEBI(Prohibition of Insider Trading) Regulations.

A complaint under the policy may be made to the designated officials and to the Audit Committee in terms of the Policy. During the year, no employee of the Company has been denied access to the Audit Committee.

f. Details of compliance with mandatory requirements of the Listing Agreement:

The Company has complied with all the mandatory requirements of all applicable regulations of the listing agreement and submits on quarterly/half yearly/yearly basis the quarterly/ half yearly/yearly reports to the concerned Stock Exchanges.

VI. MEANS OF COMMUNICATION

The quarterly / half-yearly results are forthwith communicated to the BSE Limited and the National Stock Exchange of India Limited, with whom the Company has listing arrangements, as soon as these are approved and taken on record by the Board of Directors of the Company. The results along with quarterly Information updates/release, announcement are published normally in leading newspapers, namely, Financial Express, Jansatta, Pioneer, Business Standard both English and Hindi, Business Line in English, Financial Express in English, Jansatta in Hindi etc., along with the official news releases in accordance with the guidelines of the Stock Exchanges.

The results along with quarterly Information updates/release, announcement are also put up on Company's website www.technofabengineering.com and the information with respect to Investor Con Call are also informed to the Stock Exchange. The website also hosts official news releases.

For investors, the Company has created a separate e-mail ID investors@technofabengineering.com. During the financial year, the Company organized conference Calls after announcement of Quarterly Results, which were very well attended by the analysts, fund managers and investors.

VII. GENERAL SHAREHOLDER INFORMATION

a. Annual General Meeting:

The 49th Annual General Meeting of the Company shall be held through Video conferencing including other Audio Visual means as under :-

Date and Time : 18 March 2021 at 11.00 AM

b. Payment of Dividend

The Board has not recommended any dividend for the financial year 2019-20.

c. Financial Calendar (Tentative):

The Company follows financial year from April 1 to March 31. The Current financial year of the Company is April 1, 2020 to March 31, 2021.

The Quarterly/Annual results will be taken on record by the Board of Directors as per the following schedule:

| | |
|--------------------------------------|------------------------------|
| First Quarter Results | : On or before 15 March 2021 |
| Half Yearly / Second quarter Results | : On or before 15 March 2021 |
| Third Quarter Results | : On or before 15 March 2021 |
| Audited Annual results for the year | : On or before 30 May 2021 |

The Company has delayed in declaring financial results due to the reason already mentioned in the Directors Report.

d. Date of Book Closure: 12 March 2021 to 18 March 2021 (both days inclusive)

e. Listing on Stock Exchanges:

The equity shares of the Company are listed at the following Stock Exchanges:

| Name of Stock Exchange | Stock Code |
|--|-------------------|
| BSE Limited | 533216 |
| National Stock Exchange of India Limited | TECHNOFAB |

f. Listing Fee

The Company has paid annual listing fee to the above stock exchange for the financial year up to 2019-2020 within due date.

g. Depository Fee

Annual Custody/ Issuer Fee for the financial year upto 2019-20 have been paid to CDSL and NSDL.

h. ISIN Number: INE509K01011

i. Market Price Data & Share price performance:

Monthly High, Low during each month, in last financial year, is as below:

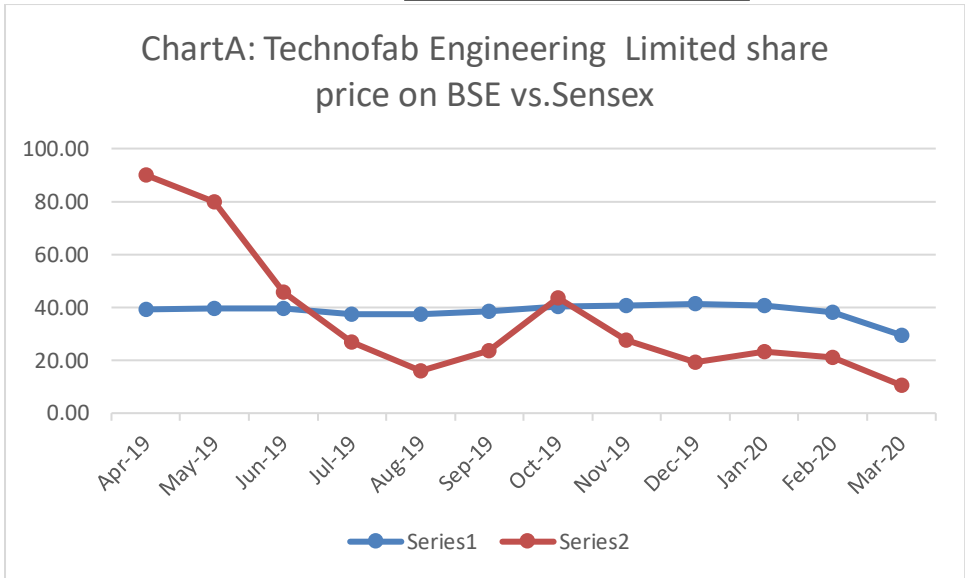
| Month | Bombay Stock Exchange (BSE)(In Rs. Per Share) | | National Stock Exchange (NSE)(In Rs. Per Share) | |
|----------------|--|----------------------|--|----------------------|
| | Month's High Price | Month's Low Price | Month's High Price | Month's Low Price |
| April 2019 | 90 | 75 | 78.35 | 76.2 |
| May 2019 | 80 | 45.95 | 52 | 45.7 |
| June 2019 | 45.7 | 24.2 | 26.8 | 24.4 |
| July 2019 | 27 | 15.3 | 16.25 | 15.1 |
| August 2019 | 15.95 | 11.75 | 12.8 | 12.8 |
| September 2019 | 23.54 | 10.09 | 22.4 | 22.4 |
| October 2019 | 43.55 | 23.3 | 29.35 | 29.35 |
| November 2019 | 27.7 | 17.25 | 19.25 | 17.6 |
| December 2019 | 19.4 | 13.7 | 14.5 | 13.65 |
| January 2020 | 23.35 | 13.8 | 21.95 | 20.2 |
| February 2020 | 21 | 10.75 | 10 | 9.8 |
| March 2020 | 10.5 | 4.78 | 4.95 | 4.55 |

j. Foreign Exchange Risk and Hedging Activities

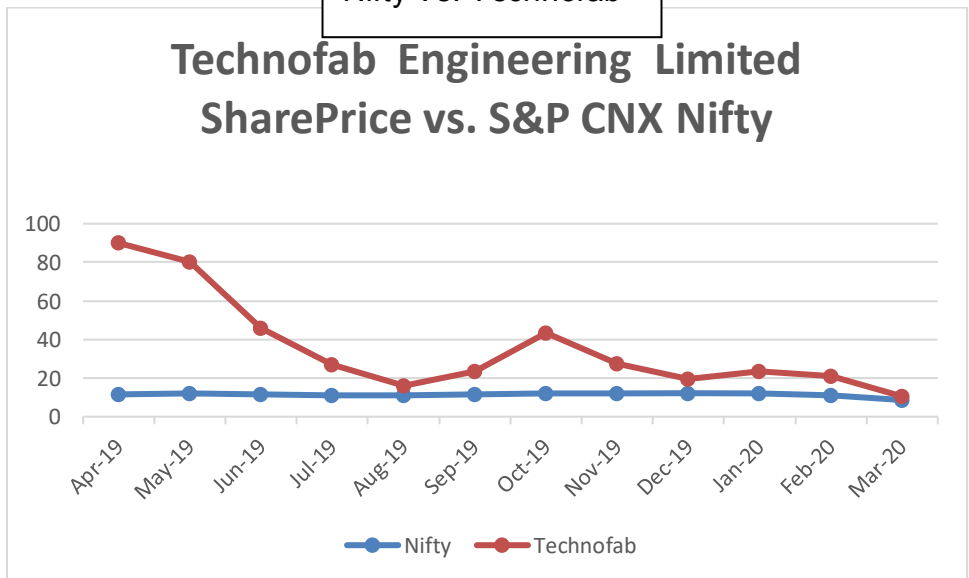
The Foreign Exchange Exposures and risks involved in it are periodically reviewed by the Board of Directors of the Company. Substantial part of the Foreign Exchange Risk is covered by natural hedging

k. Stock Performance

S&P Vs. Technofab



Nifty Vs. Technofab



I.

and Share Transfer Agent:

Registrar

Link Intime India Private Limited is the Registrar and Share Transfer Agent of the Company to whom communications regarding change of address, transfer of shares, change of mandate etc. can be addressed as per the details mentioned below:

Link Intime India Private Limited
 Noble Heights, 1st Floor, Plot No. NH 2, LSC, C-1 Block
 Near Savitri Market, Janakpuri, New Delhi-110058
 +91 11 4141 0592 |Fax: +91 11 4141 0591

Detailed list of Link Intime offices is available at their website www.linkintime.co.in

m. Share Transfer System:

The Company's shares are traded in the Stock Exchange compulsorily in dematerialized mode. Physical Shares which are lodged with the Registrar and Share Transfer Agent and / or Company for transfer are processed and returned to the shareholders duly transferred within the time stipulated under the Listing Agreement subject to documents being found valid and complete in all respects. The dematerialized shares are transferred directly to the beneficiaries by the depositories.

n. shareholding:

a) Distribution of Shareholding as on 31 March 2020:

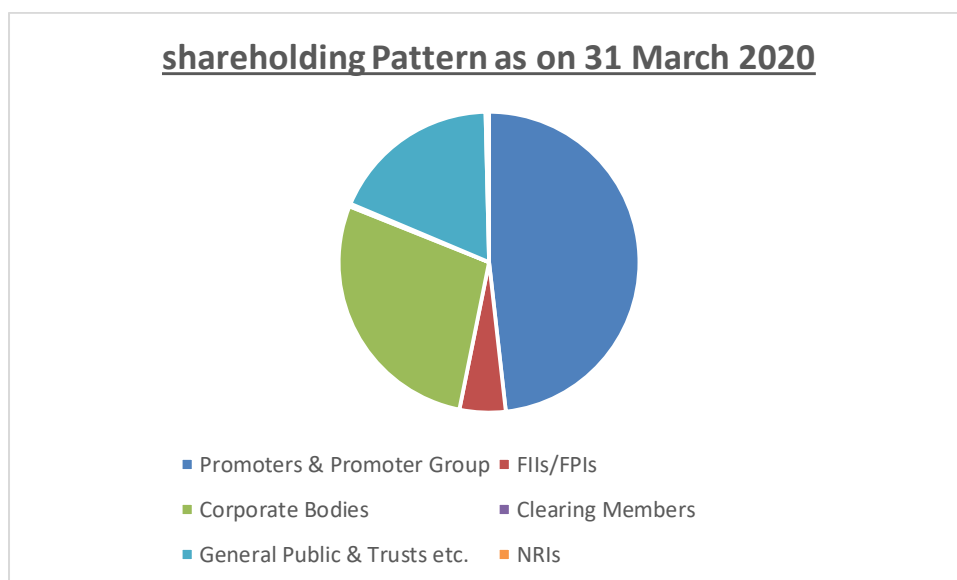
| Group of Shares | Share Holders | | No. of Shares | |
|-----------------|---------------|------------|-----------------|------------|
| | Number | % to total | Shares | % to total |
| 1 - 500 | 5562 | 89.36 | 517271 | 4.93 |
| 501 - 1,000 | 304 | 4.88 | 230746 | 2.20 |
| 1,001 - 2,000 | 170 | 2.73 | 245484 | 2.34 |
| 2,001 - 3,000 | 56 | 0.90 | 141355 | 1.35 |
| 3,001 - 4,000 | 28 | 0.45 | 96453 | 0.92 |
| 4,001 - 5,000 | 28 | 0.45 | 131178 | 1.25 |
| 5,001 - 10,000 | 29 | 0.47 | 195918 | 1.87 |
| 10,001 - Above | 47 | 0.76 | 8931595 | 85.14 |
| Total | 6224 | 100 | 10490000 | 100 |

b) Categories of Equity Shareholding as on 31 March, 2020

| S. No. | CATEGORY | No of Shares held | % of Share holding |
|--------|----------|-------------------|--------------------|
|--------|----------|-------------------|--------------------|

| | | | |
|---|------------------------------|--------------------|----------------|
| 1 | Promoters & Promoter Group | 5058026 | 48.22% |
| 2 | FII's/FPI's | 519255 | 4.95% |
| 3 | Corporate Bodies | 2925679 | 27.89% |
| 4 | Clearing Members | 30602 | 0.29% |
| 5 | General Public & Trusts etc. | 1917004 | 18.27% |
| 6 | NRIs | 39434 | 0.38% |
| | GRAND TOTAL | 1,04,90,000 | 100.00% |

(c) Graphic presentation of the Shareholding pattern as on 31.03.2020



o. Dematerialisation of Shares and Liquidity:

The shares of the Company are compulsorily traded in dematerialized form. All equity shares except 7 (Seven) have been dematerialized as on date. The equity shares of the Company are actively traded at BSE & NSE.

p. Outstanding GDRs/ ADRs/ Warrants or Convertible Bonds:

No GDRs/ ADRs/Warrants or Convertible Bonds has been issued by the Company.

q. Unclaimed Dividend

There is no case where any dividend has remained unclaimed for more than seven years.

The dividends for the succeeding years remaining unclaimed for 7 years have already been transferred by the Company to the IEPF on the due dates as given hereunder:

| Serial No. | Financial Year | Date of Declaration of Dividend | Due date for transfer to IEPF |
|-------------------|-----------------------|--|--------------------------------------|
| 1. | 2011-2012 | 10.09.2012 | 16-Oct-2019 |
| 2. | 2012-2013 | 25.09.2013 | 25-Oct-2020 |

Shareholders who have not so far encashed their dividend warrant(s) or have not received the same are requested to seek issuance of duplicate warrant(s) by writing to the Company confirming non-encashment / non-receipt of dividend warrant(s).

r. Disclosures of Accounting Treatment

In the financial statements for the year ended 31 March 2020, the Company has followed the treatment as prescribed in the applicable Accounting Standards.

s. Modified opinion(s) in audit report

The opinion expressed by the Auditor in the audit report on the financial statements for the year ended 31 March 2020 is unmodified.

VIII. CODE OF CONDUCT

The Board of Directors has laid down a Code of Conduct, which is applicable to all Directors and Senior Management of the Company. The Code has also been posted on the website of the Company.

All Board Members and Senior Management Executives have affirmed compliance with the Code of Conduct.

The declaration signed by the Chairman & Managing Director affirming compliance to the Code by the Board of Directors and the Senior Management has been placed at the end of Report.

IX. PREVENTION OF INSIDER TRADING

As per SEBI (Prohibition of Insider Trading) Regulations, 2015 which became effective from 15 May 2015, the Company has inter alia devised and adopted Code of Conduct to regulate, monitor and report trading in Company's securities by persons having access to unpublished price sensitive information of the Company. Company had amended the Code of conduct (Insider Trading) and Code of fair disclosure (Insider Trading), Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019). Company Secretary is the Compliance Officer for the purpose of this code. During the year there has been due compliance of the code.

X. LISTING AGREEMENT

During the period covered under this report, the Company has duly complied with the provisions of the Securities and Exchange Board of India on 2nd September 2015 issued SEBI

(Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the listing agreement(s) with the Stock Exchanges.

XI. Reconciliation of Share Capital Audit

As stipulated by SEBI, a qualified Practicing Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form and in physical form.

XII. MD/ CFO CERTIFICATION

In compliance with Regulation 17(8) of the Listing Agreement, a declaration by Managing Director & Chief Financial Officer has been attached which, inter-alia, certifies to the Board, the accuracy of Financial Statements and the adequacy of internal controls pertaining to Financial Reporting.

XIII. AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

The certificate dated 11 February 2021 from Statutory Auditors of the Company confirming compliance with the Corporate Governance requirements as stipulated under the Listing Regulations is annexed hereto.

The above report has been adopted by the Board of Directors of the Company at their meeting held on.

XIV. Certificate from Practicing Company Secretary on compliance of Corporate Governance conditions

The Company has obtained the Certificate from a Practicing Company Secretary regarding compliance with the provisions relating to corporate governance laid down in Part E of Schedule V to the SEBI LODR Regulations along with Certificate to the effect that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as Director of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

These Certificate(s) are annexed to the Board's Report and will be sent to the stock exchanges, along with the Annual Report to be filed by the Company.

For Technofab Engineering Limited

Place: Faridabad
Date: 11 February 2021

Arjun Gupta
Chairman

Independent Auditors' Report on compliance with the conditions of Corporate Governance

[As per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended]

TO THE MEMBERS OF TECHNOFAB ENGINEERING LIMITED

1. The Corporate Governance Report prepared by Technofab Engineering Limited (hereinafter 'the Company'), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Listing Regulations') ('Applicable criteria') for the year ended 31 March 2020 as required by the Company for annual submission to the Stock Exchange.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether; the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations referred to in paragraph 1 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgment, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. The procedures includes but not limited to verification of secretarial records and

financial information of the Company and obtained necessary representations and declarations from directors including independent directors of the Company.

8. The procedures also include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended 31 March 2020, referred to in paragraph 4 above.

Other Matters and Restrictions on use

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

**For G.C. Agarwal & Associates
Chartered Accountants
Firm Reg. No. 017851N**

**Place: New Delhi
Dated: 11.02.2021**

**(G.C. Agarwal)
Proprietor
M.No. 083820**

MD AND CFO CERTIFICATION

**The Board of Directors,
Technofab Engineering Limited
New Delhi**

Dear Members of the Board

We, Arjun Gupta, Managing Director and Shiam Narain Tandon, Chief Financial Officer, of the Company to the best of our knowledge and belief, certify that:

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee:
 - 1) There have been no significant changes in the internal control over financial reporting during this year.
 - 2) There have been no significant changes in the accounting policies this year and that the same have been disclosed in the notes to the financial statements.
 - a) There have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems over financial reporting.

Arjun Gupta
Chairman & Managing Director

Shiam Narain Tandon
Chief Financial Officer

Date: 11 February 2021
Place: Faridabad

DECLARATION - COMPLIANCE WITH THE CODE OF CONDUCT

In accordance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Mr. Arjun Gupta, Managing Director of the Company, hereby declare that the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the year ended 31 March 2020.

For Technofab Engineering Limited

Arjun Gupta
Chairman & Managing Director

Place : Faridabad
Date : 11 February 2021

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE INDUSTRY

The engineering and construction industry saw overall market growth despite cost pressures, labour shortages, and trends toward fixed-bid projects. We originally forecasted this trend would persist into 2020, but the COVID-19 pandemic caused a shift in project timelines and a drop in the sectors' labour and employment.

COVID-19 IMPACT

The construction industry had come to a complete standstill due to the pandemic coronavirus impact. Rough estimates show that the construction sites were running at 50% of their run rate. This was because the fear of infection had been keeping the workers' attendance at less than 70%. As per the industry body, at present, there are close to 20,000 ongoing construction projects at the pan India level. These engaged a workforce of around 8.5 million only in construction work. Some of these projects are delayed while others were cancelled owing to COVID-19. Besides, there were supply chain bottlenecks that resulted in reduced or no supply of equipment and materials.

To deal with the impact of COVID-19, the Finance Minister had announced some relief measures. The state governments are directed to use Rs. 31,000 crore welfare fund towards helping labourers in the construction industry.

The Union Budget 2021, touted as being one of the most important budgets in 100 years, is set to create new employment opportunities and act as an engine of global growth. Some of the Key measures and reforms announced for the Real estate and Smart city space in the Budget include:

1. Jal Jeevan Mission urban to be launched with an outlay of INR 2,87,000 lakh crore over 5 years aiming at universal water supply in all 4,378 urban local bodies, with 2.86 crore household tap connections and liquid waste management in 500 AMRUT cities.
2. Swachh Bharat Mission 2.0 with an outlay of INR 1,41,678 crores over 5 years from 2021 focusing on water waste treatment, source segregation, management of waste from urban construction, bioremediation of legacy dump sites.
3. In order to tackle the ongoing problem of thriving air pollution in cities, Budget 2021 proposed an amount of INR 2,217 crores for 42 urban centres with a million-plus population
4. A "National Monetization Pipeline" of potential Brownfield infrastructure is intended to be launched. Among other core infrastructure assets, Warehousing Assets of Central Public Sector Enterprises (CPSE) such as Central Warehousing Corporation and NAFED were proposed.
5. Finance Minister Nirmala Sitharaman proposed to extend efforts over the One Nation One Ration Card scheme for the unorganised labour force migrant workers, by launching a portal that would collect information on gig, building and construction workers, among others, to formulate welfare schemes such as Health, Housing, Skill, Insurance, Credit, and food schemes for migrant workers.
6. Budget 2021 proposed to introduce Ujjwala scheme to be expanded over 1 crore more beneficiaries. The expansion would include an addition of 100 more districts in the next three years to the city gas distribution network and gas pipeline project in the newly formed UT of J&K.
7. Budget 2021 proposed to extend the eligibility of additional deduction of interest, amounting to Rs 1.5 lakh, for loans taken to purchase an affordable house as provided in the Budget of 2019-2020 by one more year, to March 31, 2022. The additional deduction of Rs 1.5 lakh shall therefore be available for loans taken up till March 31, 2022, for the purchase of an affordable house. This will help bring in new supply within the segment.

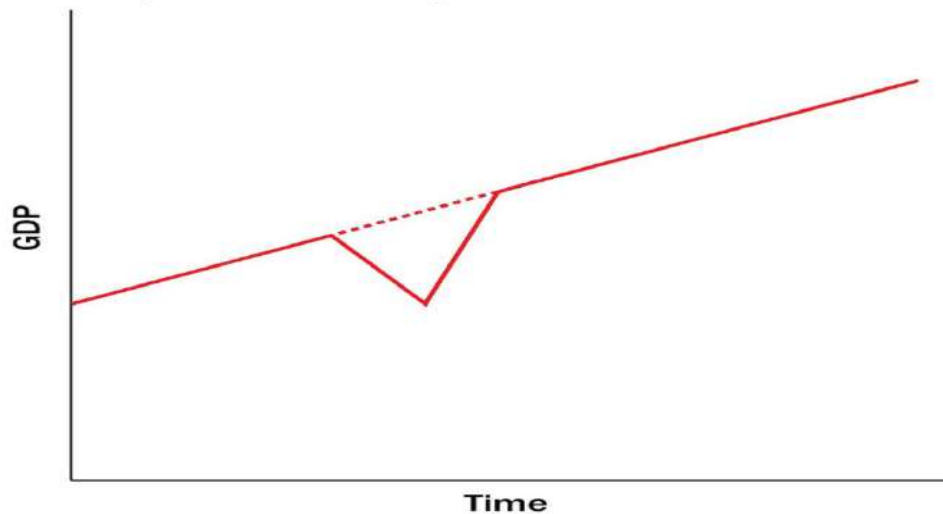
8. The Budget also gave provision for tax exemption for notified affordable rental housing projects. This move is intended to ease migrant workers' life in cities by supporting them to remain in urban areas during times of financial distress.
9. Reduction of customs duty to 7.5% on steel will be a boost to real estate developers as it will give them some headroom in easing pricing pressures.
10. Budget 2021 proposed setting up a Development Financial Institution (DFI) called the National Bank for Financing Infrastructure and Development, which is expected to have a capital base of Rs 20,000 crore and will have a lending target of Rs 5 lakh crore in three years. This would enable FPIs to debt finance REITs, which would likely assist cash stressed real estate sector.

Key points of Annual Documents released by Economic Survey of India

Key Points:

- Indian Economy and Covid-19:
 - Strategy to face the pandemic:
 - Response stemmed from the humane principle that:
 - Human lives lost cannot be brought back.
 - Gross Domestic Product (GDP) growth will recover from the temporary shock caused by the Covid-19 pandemic.
 - One of the key insights was that pandemic spreads faster in higher and denser population and intensity of lockdown matters most at the beginning of the pandemic.
 - Four Pillar Strategy:
 - India adopted a unique four-pillar strategy of containment, fiscal, financial, and long-term structural reforms.
 - Calibrated fiscal and monetary support was provided given the evolving economic situation.
 - A favourable monetary policy ensured abundant liquidity and immediate relief to debtors via temporary moratoria, while facilitating monetary policy transmission.
 - Cushioning the vulnerable in the lockdown and boosting consumption and investment while unlocking, mindful of fiscal repercussions and entailing debt sustainability.
 - Covid-19 pandemic affected both demand and supply:
 - India was the only country to announce structural reforms to expand supply in the medium-long term and avoid long-term damage to productive capacities.
 - The Rs. 1.46-lakh crore Production Linked Incentive (PLI) scheme is expected to make India an integral part of the global supply chain and create huge employment opportunities
 - Demand-side measures have been announced in a calibrated manner.
 - A public investment programme centred around the National Infrastructure Pipeline to accelerate the demand push and further the recovery.
- Economic Recovery:
 - V-shaped Economic Recovery after Lockdown:

V-Shaped Recovery



- Starting July 2020, a resilient V-shaped recovery is underway.
 - V-shaped recovery is a type of economic recession and recovery that resembles a "V" shape in charting.
 - Specifically, a V-shaped recovery represents the shape of a chart of economic measures economists create when examining recessions and recoveries.
 - A V-shaped recovery is characterized by a quick and sustained recovery in measures of economic performance after a sharp economic decline.
 - Reasons:
 - It is supported by the initiation of a mega vaccination drive with hopes of a robust recovery in the services sector and prospects for robust growth in consumption and investment.
 - V-shaped recovery is due to resurgence in high frequency indicators such as power demand, rail freight, E-Way bills, Goods and Services Tax (GST) collection, steel consumption, etc.
 - The fundamentals of the economy remain strong as gradual scaling back of lockdowns along with the support of Aatmanirbhar Bharat Mission have placed the economy firmly on the path of revival.
 - Significance:
 - This path would entail a growth in real Gross Domestic Product (GDP) by 2.4% over the absolute level of 2019-20 - implying that the economy would take two years to reach and go past the pre-pandemic level.
- GDP's Estimation:
- India's real GDP to record a growth of 11% in 2021-22 and nominal GDP by 15.4% - the highest since independence.
 - These projections are in line with International Monetary Fund estimates.
 - India's GDP is estimated to contract by 7.7% in the Financial Year (FY) 2020-21, composed of a sharp 15.7% decline in the first half and a modest 0.1% fall in the second half.
 - Sector-wise, agriculture has remained the silver lining while contact-based services, manufacturing, construction were hit hardest, and have been recovering steadily.
 - The external sector provided an effective cushion to growth with India recording a Current Account Surplus of 3.1% of GDP in the first half of FY 2020-21.
- Foreign Investment:

- Net Foreign Direct Investment (FDI) inflows of USD 27.5 billion during April-October, 2020 - 14.8% higher as compared to the first seven months of FY 2019-20.
 - Net Foreign Portfolio Investment (FPI) Inflows recorded an all-time monthly high of 9.8 Billion Dollars in November 2020.
- Debt Sustainability and Growth:
 - Growth leads to debt sustainability in the Indian context but not necessarily vice-versa.
 - Debt sustainability depends on the 'Interest Rate Growth Rate Differential' (IRGD), i.e., the difference between the interest rate and the growth rate.
 - Negative IRGD in India – not due to lower interest rates but much higher growth rates – prompts a debate on fiscal policy, especially during growth slowdowns and economic crises.
 - Fiscal policy that provides an impetus to growth will lead to lower debt-to-GDP ratio.
 - Given India's growth potential, debt sustainability is unlikely to be a problem even in the worst scenarios.
 - Desirable to use counter-cyclical fiscal policy to enable growth during economic downturns.
 - Counter-cyclical fiscal policy refers to the steps taken by the government that go against the direction of the economic or business cycle.
 - Thus, in a recession or slowdown, the government increases expenditure and reduces taxes to create a demand that can drive an economic boom.
- Services Sector:
 - About:
 - The services sector accounts for over 54% of India's Gross Value Added (GVA) and nearly four-fifths of total Foreign Direct Investments (FDI) inflow into India.
 - Services sector accounts for 48% of total exports, outperforming goods exports in recent years.
 - Key indicators such as Services Purchasing Managers' Index, rail freight traffic, and port traffic, are all displaying a V-shaped recovery after a sharp decline during the lockdown.
 - Start Up: The Indian start-up ecosystem has been progressing well amidst the Covid-19 pandemic, being home to 38 unicorns - adding a record number of 12 start-ups to the unicorn list last year.
 - Space Sector: India's space sector has grown exponentially in the past six decades. Space ecosystem is undergoing several policy reforms to engage private players and attract innovation and investment.
 - Export:
 - In 2019-20, the major agricultural and allied export destinations were the USA, Saudi Arabia, Iran, Nepal and Bangladesh.
 - The top agriculture and related products exported from India were marine products, basmati rice, buffalo meat, spices, non-basmati rice, cotton raw, oil meals, sugar, castor oil and tea.

OVERVIEW OF BUSINESS

Currently, the Indian EPC sector, with its rising prominence and changing dynamics, has more than 150 participants and a multitude of stakeholders. Players have carved out a niche for themselves and have developed their reputation, based on their sector focus.

However, the scenario in this industry has changed in the last few years. This sector is facing a significant liquidity crunch. The recent financial turmoil and the rupee depreciation have added to the uncertainty faced by the industry. The sector is also facing difficulties in relation to issues pertaining to project take-off, particularly those relating to land acquisition and environmental clearances, delay due to regulatory changes etc. With such delays and uncertainty in the construction commencement, EPC pricing loses its validity. Furthermore, cash stress situation, weakening financial strength of both contractors and developers along with volatility in material price has made project execution difficult. Other problem is unrealistic bids by new entrants in the industry and also by the established players due to which several projects get are stuck off in between.

Technofab Engineering with a track record of 49 glorious years is one of India's premier engineering and construction companies specialized in providing complete engineering, procurement and construction (EPC) services in various sectors. It has completed more than 150 Projects on turnkey EPC basis out of which 82 Projects involve 40000MW installed power where we have done various Balance-of-Plant Systems in fuel oil, fire protection, piping and water/waste water.

It has a diversified blue chip customer list and is recognised by virtually all leading consultants. Since 1993 it has extended its operations to the African continent having successfully executed several turnkey assignments in Seychelles, Bhutan, Kenya, Zambia, Ghana, Zimbabwe, Liberia and Ethiopia.

BUSINESS STRUCTURE

The Company serves customers, domestic as well as overseas, who operate in diverse sectors like Power, Industrial, Oil & Gas, Electrical, Water and Infrastructure Sectors in India, Africa & Asia Pacific Regions through Turnkey EPC Contracts for a wide spectrum of packages. The business opportunities are linked with investments taking place in these sectors.

Company's success has been built around its core competence of providing turnkey composite EPC services covering all aspect of Civil Engineering, Electrical Engineering, Mechanical Engineering and Instrumentation Engineering. All recent diversification has been achieved around this core competence and no unrelated diversification is planned unless there is a strong strategic fit. Due to the multifaceted services being offered by the company, the company is able to provide EPC services to virtually all infrastructure industrial sector and it is no longer dependent on the thermal power sector as was the case a few years ago. In order to spread the company geographically, company targeted the overseas market and the success of these endeavours have enabled the company to grow in a profitable manner.

The Company intends to continue with this market diversification strategy as it is an effective antidote to the business cycle in some geography. In order to sustain a singular objective of profitable growth the Company has made imperative to redouble our marketing efforts as the strike rate is expected to go down.

POWER SECTOR

India's power sector has undergone a significant change, and this has redefined the industry outlook. Demand for electricity is seeing a steady growth with a pick-up in the economy, especially manufacturing activity, as well as favourable government policy. The government has implemented various progressive measures to maximise power generation capacity and improve distribution. Government initiatives like 24x7 power, power to all households and UDAY, which has improved viability of discoms to buy more power to serve more customers and the CEC initiatives that include linking of deviation settlement mechanism (DSM) prices to DAM prices at the exchange average clearing price, have helped the sector witness robust growth. The Company sees big opportunity in this Sector.

WATER SECTOR

This sector encompasses several elements viz. pumping and distribution, treatment of raw and waste water including recycling and desalination. It covers urban and rural water supply, industrial water, sewage treatment and industrial waste water treatment.

The water sector therefore has the greatest long-term potential. Seeing the huge investments domestically, the Company is well placed to secure significant new business in this sector for several consecutive years.

In recent years the Company has identified water and waste water treatment as a focus area. As per the Govt. efforts to rejuvenate water bodies, in order that they are able to provide fresh potable water to the public (ever increasing) considerable investment is being directed to provision of proper treatment and disposal of waste water/sewage /drainage. Towards this end, Government has also availed of line of credits from the World Bank. Leveraging existing experience in water and waste water infrastructure, the Company is bidding for several treatment plants, both on its own, and where pre-qualification requirements do not permit it to bid on its own then the Company is forging tie ups on a case by case basis.

ELECTRICAL SECTOR

This sector provides multiple opportunities. The most important ones are those emerging from rural electrification which aims at getting grid electricity to all except those villages which are too remote to be connected to the grid. This is already the source of the Company's major business and will amply provide further opportunities. Apart from above, the Government has come out with certain schemes which provides ample opportunities to the Company like Deen Dayal Upadhyaya Gram Jyoti Yojana, The DDUGJY scheme, The Saubhagya Scheme or Pradhan Mantri Sahaj Bijli Har Ghar Yojana, Integrated Power Development Scheme. Further the Company is also exploring opportunities in the AIS/GIS Substation Space.

The modernization and expansion of the Indian Railways opens up an entirely new, though related, sector. While opportunities will emerge in many types of project work, the Company will mainly target the railway electrification business. Industrial electrification is another area, though largely a small niche covering those customers who seek a single turnkey EPC solution for their electrification needs.

INDUSTRIAL SECTOR

A sector where the Company has traditionally secured and executed a fairly large volume of business in last 8 years, lately it has not been providing any significant opportunities, on account of the economic slowdown.

INTERNATIONAL BUSINESS

Internationally, the Company continues to focus on Sub-Saharan Africa and South Asia and mainly pursues projects funded by multilateral funding bodies like World Bank, African Development Bank, Asian Bank, EXIM Bank, etc. By their very nature, such projects are in the social sector and cover areas like Water and Sanitation, Electricity Distribution, etc. Such projects are largely in Africa and to an extent in South Asia and Asia Pacific Region. So far the Company is executing/has executed projects in 12 countries in Africa, Viz. Kenya, Seychelles, Tanzania, Ethiopia, Malawi, Zambia, Ghana, Zimbabwe, Mozambique, Rwanda, Uganda, Liberia, etc. apart from two countries in Asia Pacific Region i.e., Fiji & Bhutan. Sub-Saharan Africa alone provides good opportunities not only in the countries that Company has already worked in but also in the remaining over two dozen countries.

COMPARISON OF PERFORMANCE FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020 VIS-À-VIS FINANCIAL YEAR ENDED MARCH 31, 2019

The Company has under-performed in terms of turnover with a drop by 84.73%. The Company has incurred a loss of Rs. 240.66 Crore resulting into erosion of net worth by 97%. The Company couldn't achieve its bench mark turnover due to various reasons already discussed in the Directors' Report. A huge part of the loss is due to termination of few projects and invocation of Bank Guarantees etc. as already mentioned in the Exceptional items (Note 40 to the Balance Sheet). In the current financial year, the Company could not fully service its projects due to non-tie-up of enhanced working capital facilities with the banks and resultantly the Company could not meet the funding requirements for projects by providing material and payment for services therefore the scheduled project execution timelines could not be met and the project execution was delayed substantially which resulted into termination and invocation Bank Guarantees.

| Particulars | Rs. In Crore | | |
|---|--------------|----------|-------------|
| | FY 19-20 | FY 18-19 | % Variation |
| Total Income | 61.89 | 373.64 | -83.44% |
| PBDIT (After Exceptional Items, if any) | -186.02 | -10 | 94.62% |
| Interest and Financial Charges | 33.14 | 29.87 | 10.95% |
| Depreciation | 6.77 | 4.29 | 57.81% |
| Profit Before Tax | -225.94 | -44.16 | 411.64% |
| Profit After Tax | -240.54 | -29.15 | 725.18% |
| EPS | -22.93 | -27.79 | -17.49% |

PERFORMANCE: SEGMENTWISE -GEOGRAPHICAL BREAKUP

While considering the revenue from different verticals, the Company treats all its operations as a single vertical. However, for the benefit of investors, the contribution of individual sectors to revenue and its comparison with previous years is given below:

| SECTOR | FY 2017-18 | FY 2018-19 | FY 2019-20 |
|--|-------------|-------------|-------------|
| Conventional Power | 3.00% | 1.24% | 11.91% |
| Water & Waste Water Treatment | 30.00% | 54.69% | 45.18% |
| Industrial & Infrastructure Sectors | 11.50% | 0.5% | - |
| Electrical sub-stations & Distribution | 55.50% | 43.57% | 42.91% |
| TOTAL | 100% | 100% | 100% |

As can be seen in the above table that there is a continuous churning in the relative contribution of individual sector. 35.75% of the total turnover is from overseas projects.

ORDER BOOK AND THE YEAR AHEAD

The Company's Order book position on March 31, 2020 is approximately INR 650Cr. Further, due to the fact that the Company is undergoing a loan restructuring process from various consortium member banks, it is not currently bidding for any new projects till such time the restructuring

process is complete. The Company's focus in the coming year will be to close existing projects, collect outstanding payments from Customers, reduce Bank's exposure by returning various Bank Guarantees after closure of various projects and at the same time reduce its operational costs by reducing manpower and other overhead costs.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company management recognises the necessity, and has had in place adequate systems of internal controls. It is firmly believed that a strong internal control system with flexibility is imperative to realize Company's vision. Accordingly the company always gives priority to it to achieve the following objectives:-

1. Efficiency of operation
2. Accuracy and promptness of financial reporting
3. Safeguard of Company assets
4. Compliance with laid down policies and procedures.
5. Compliance with rule and regulations.

The Company has a reasonably robust Internal audit team which reports to the Audit Committee of the Board and a formal Risk Management Policy is in place.

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

As on 31 March 2020, the company has 211 employees in its family beside hundreds of employees of its Contractors and suppliers.

The Company follows a philosophy whereby employee empowerment is a key area of focus. The Company strongly values the individuality of its employees, which ultimately results in a management, operations and training philosophy distinct from that of our competitors. The Company has a number of ongoing initiatives related to employee development. Apart from various training programmes relating to the needs of the Company, there are initiatives to identify and groom future leaders.

Industrial and employee relations with the Company remain cordial throughout the year. It has been with the fulfilment of our market commitments, prompt communication, and participation in social activities and to provide challenging and safe working atmosphere in the company, wherein every employee can develop his own strength and deliver his expertise in the interest of the Company.

The Board of Directors on record thanks to all of the employees for their valuable contribution towards the growth of the company. Technofab Engineering encourages its team members to go beyond the scope of their work, undertake voluntary projects that enable to learn and contribute innovative ideas in meeting goals of the company.

CONTINGENT LIABILITY

The Contingent Liability is primarily on account of Bank Guarantees given by the Company to its Clients at the time of award of the project which continue to remain valid till completion of the project as per the terms of the agreement with the Client.

FORWARD LOOKING STATEMENTS

Statements in this Management Discussion and Analysis of Financial Conditions and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of the future events.

The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements, on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statements. Important factors that could influence the Company's operations include interconnect usage charges, determination of tariff and such other charges and levies by the regulatory authority, changes in government regulations, tax laws, economic developments within the country and such other factors globally.

The financial statements are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the provisions of the Companies Act, 2013 (the Act) and comply with the Accounting Standards notified under Section 133 of the Act. The management of Technofab Engineering Limited has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, in order that the financial statements reflect, in a true and fair manner, the state of affairs for the year.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TECHNOFAB ENGINEERING LIMITED

Report on the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying Standalone Financial Statements of **TECHNOFAB ENGINEERING LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required, except for the indeterminate effects of the matter referred to in Basis for Qualified Opinion section below, give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

We draw your attention to note 52 & 53 to the standalone financial statements with regard to multiple significant uncertainties faced by the Company such as (a) Non availability of funds from banks and also declaration of loans as NPA (b) Poor recovery from debtors (c) Invocation of performance guarantees / bank guarantees (d) Litigation with debtors. The impact of the above matters, if any, on the standalone financial statements is presently not ascertainable.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 52 & 53 to the standalone financial statements, which states that the company has significant accumulated losses at the year ended March 31, 2020 and has defaulted in repayment of loan and interest payments. Due to fund constraints and other reasons the company has not been able to complete projects as expected, resulting in invocation of bank guarantees/performance guarantees. These events or conditions, along with other matters as set forth in aforesaid note, indicate that a material uncertainty exist that may cast significant doubt on the Company's ability to continue as a going concern if the company is not able to raise funds, renegotiate/restructure liabilities.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 52 & 53 to the standalone financial statements, which states that the company has defaulted on repayments to various banks due to invocation of various bank guarantees / performance guarantees and poor recovery and litigations with debtors.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Except for the matters described in the Basis for Qualified Opinion section and Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Information Other than the Standalone financial statements and Auditor's Report Thereon

The Company's Board of Directors are responsible for the other information. The other information comprises the Directors report to be included in the Company's Annual report, but does not include the standalone financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this Auditors' Report. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone 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 Ind AS and other accounting principles generally accepted in India. 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report to the extent applicable 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, except for the indeterminate effects of the matter referred to Basis for Qualified Opinion paragraph above, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) Except for the indeterminate effects of the matter referred to Basis for Qualified Opinion paragraph above in our opinion, the aforesaid Standalone financial statements comply with the Accounting Standard specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015.

- (e) The matter described in Basis for Qualified Opinion, Material Uncertainty Relation to Going Concern Section above, in our opinion, may have an adverse effect on the functioning of the Company.
- (f) On the basis of written representation received from the directors as on 31st March, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are stated in the Basis of Qualified Opinion paragraph above.
- (h) 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 A”.
- (i) 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 knowledge and belief and according to the information and explanations given to us:
- (i) The Company has disclosed the impact of pending litigations as at 31st March, 2020 on its financial position in its financial statements – Refer Note 48
 - (ii) The Company did not have any long-term contracts including derivative contracts as at 31st March, 2020
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- (j) With respect to the other matters to be included in the Auditor’s report in accordance with the requirements of section 197(16) of the act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provision of section 197 of the Act.

For G C Agarwal & Associates
Chartered Accountants
Firm Registration No: 017851N

G. C. Agarwal
Prop.
M.No.083820

Place: New Delhi
Date: 11.02.2021

Annexure A to Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of TECHNOFAB ENGINEERING LIMITED ("the Company") as of 31st March, 2020 in conjunction with our audit of the standalone 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 deemed to be prescribed under section 143(10) of the Act 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 ICAI. 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, 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 G C Agarwal & Associates
Chartered Accountants
Firm Registration No: 017851N

G. C. Agarwal
Prop.
M.No.083820

Place: New Delhi
Date: 11.02.2021

Annexure B to Independent Auditors' Report

The annexure referred to in Independent Auditors' Report to the members of TECHNOFAB ENGINEERING LIMITED on the Standalone financial statements for the year ended 31stMarch, 2020 we report that:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of all fixed assets.
 - (b) As explained to us, the management during the financial year has physically verified the fixed assets in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - (c) The title deeds of immovable properties are held in the name of the company.
2. (a) According to the information and explanations given to us the inventories have been physically verified by the management during the year at reasonable intervals. As explained to us the discrepancies noticed on physical verification of inventory as compared to the book records were not material.
3. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, paragraphs 3(iii) (a) and (b) of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, the company has complied with the provision of section 185 and 186 of the Act, with respect to loans and investment made. As per the information and explanation given to us, the Company has not given any guarantee or provides any security in connection with a loan to anybody corporate or person.
5. According to the information given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Companies Act, 2013 or any other relevant provisions of the companies Act and the Companies (Acceptance of Deposits) Rules, 2014 as amended from time to time. No order has been passed with respect to Section 73 to 76, by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other tribunal.

6. To the best of our knowledge and as explained, the maintenance of cost records as specified by the Central Government under sub-section (l) of section 148 of the Companies Act, 2013 is not applicable to the company.
7. (a) During the year, there were various delays in deposit of undisputed statutory dues including provident fund, employee' state insurance, income tax, goods & service tax, customs duty, excise duty, cess and other statutory dues. Further according to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at 31st March, 2020 for a period of more than six months from the date of becoming payable.

(b) According to the information and explanations given to us, there are no material dues in respect of provident fund, employee' state insurance, income tax, goods & service tax, customs duty, excise duty, cess and other statutory dues wherever applicable to the company which have not been deposited with the appropriate authorities on account of any dispute. The due in respect of Income Tax, Sales-tax, WCT and value added tax that have not been deposited with the appropriate authorities on account of dispute and the forum where the dispute is pending is given below:

| Name of the Statute | Nature of dues | Amount (Rs.) | Period to which the amount relates | Forum where dispute is pending |
|--|--------------------|--------------|------------------------------------|---|
| Orissa Sales Tax | Works Contract Tax | 1,355,000 | 2002-03 | Before Sales Tax Tribunal - Orissa |
| MP VAT Act 2002 (MP) | Local Sales Tax | 190,943 | 2014-15 | Dy. Commissioner (Appeals) Bhopal (MP) |
| Maharashtra VAT Act 2002 (Maharashtra) | Local Sales Tax | 3,357,732 | 2010-11 | Jt. Commissioner (Appeals), Mumbai |
| Maharashtra VAT Act 2002 (Maharashtra) | Central Sales Tax | 6,130,542 | 2011-12 | Jt. Commissioner (Appeals), Mumbai |
| Maharashtra VAT Act 2002 (Maharashtra) | Local | 3,734,774 | 2012-13 | Jt. Commissioner (Appeals), Mumbai |
| | Central | 60,833 | | |
| West Bengal Sales Tax Act, 1994 | Local Sales Tax | 8,768,960 | 2016-17 | Dy. Commissioner Durgapur (WB) |
| Goods & Service Tax Act, 2017, Tripura | SGST | 417,818 | 2017-18 | Addl. Commissioner of State Tax, Agartala |
| | CGST | 417,818 | | |
| | PENALTY | 835,636 | | |
| | INTEREST | 267,404 | | |
| Goods & Service Tax Act, 2017, Tripura | SGST | 1,553,767 | 2018-19 | Addl. Commissioner of State Tax, Agartala |
| | CGST | 1,553,767 | | |
| | PENALTY | 3,107,534 | | |
| | INTEREST | 621,506 | | |

8. In our opinion, on the basis of books and records examined by us and according to the information and explanations given to us, the company has defaulted in repayment of dues to banks which have been declared NPA details of which is as under:

| S.No. | Bank Name | CC A/c No. | Date of NPA | Amount |
|--------------|----------------------|-------------------|--------------------|---------------|
| 1 | Bank of India | 604130100020104 | 7-Jun-19 | 1,163,949,886 |
| 2 | Bank of Baroda | 40940500000011 | 8-Jul-19 | 592,610,693 |
| 3 | State Bank of India | 64044446050 | 27-Jun-19 | 329,477,730 |
| 4 | United Bank of India | 1720250000259 | 26-Jun-19 | 126,589,886 |
| 5 | Axis bank | 7010300017310 | 30-Jun-19 | 68,166,823 |
| 6 | IDBI Bank | 127655100001717 | 25-Sep-19 | 100,523,331 |

All the above mentioned defaults are continuing till date. The company does not have any dues to government or debenture holders.

9. The Company has not raised any money by way of initial public offer or further public offer or debt instruments. In our opinion, and according to the information and explanation given to us, the term loans have been applied for the purposes for which they were raised, other than temporary deployment pending allocation.
10. According to the information and explanations given to us and as represented by the Management and based on our examination of the books and records of the Company and in accordance with generally accepted auditing practices in India, we have been informed that no case of frauds has been committed on or by the Company or by its officers or employees during the year.
11. According to the information and explanations given to us and based on our examination of the record of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the order is not applicable.
13. According to the information and explanations given to us and based on or examinations of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transaction have been disclosed in the financial statements as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private allotment of shares or fully or partly convertible debentures during the year. Accordingly, provisions of clause 3 (xiv) of the Order are not applicable to the Company.
15. According to the information and explanations given to us and based on our examination of the record of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the order is not applicable.

16. According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India, 1934. Accordingly, provisions of clause 3 (xvi) of the Order are not applicable to the Company.

For G C Agarwal & Associates
Chartered Accountants
Firm Registration No: 017851N

G. C. Agarwal

Prop.
M.No.083820

Place: New Delhi
Date: 11.02.2021

TECHNOFAB ENGINEERING LIMITED

CIN NO.L74210DL1971PLC005712

BALANCE SHEET AS AT 31ST MARCH, 2020

| Particulars | Note no. | Amount in ₹ | |
|---|----------|------------------------------|------------------------------|
| | | As at 31-Mar-20 | As at 31-Mar-19 |
| ASSETS | | | |
| (1) Non-Current Assets | | | |
| Property, Plant and Equipment | 5 | 47,98,05,853 | 55,55,99,067 |
| Investment in Property | 6 | 54,10,077 | 55,01,788 |
| Intangible assets | 7 | 14,15,940 | 22,45,033 |
| Financial Assets | | | |
| (i) Investments | 8 | 10,69,91,447 | 10,71,08,157 |
| (ii) Loans | 9 | 1,69,69,116 | 2,01,02,563 |
| (iii) Other Financial Assets | 10 | 19,608 | 5,99,82,305 |
| Other Non Current Assets | 11 | 40,00,380 | 2,22,15,253 |
| Deferred Tax Assets (Net) | 12 | - | 12,45,49,877 |
| | | <u>61,46,12,421</u> | <u>89,73,04,043</u> |
| (2) Current Assets | | | |
| Inventories | 13 | 11,55,91,699 | 21,80,86,778 |
| Financial Assets | | | |
| (i) Investments | 14 | - | 10,52,413 |
| (ii) Trade Receivables | 15 | 3,31,86,21,310 | 3,99,22,69,530 |
| (iii) Cash and Cash Equivalents | 16 | 4,27,32,429 | 2,04,05,314 |
| (iv) Other Bank balances other than (iii) above | 17 | 4,44,79,712 | 45,02,51,129 |
| (vi) Other Financial Assets | 18 | 27,71,734 | 37,02,353 |
| Current Tax Assets (Net) | 19 | 1,11,53,607 | 5,36,46,828 |
| Other Current Assets | 20 | 62,65,65,235 | 65,01,44,292 |
| | | <u>4,16,19,15,726</u> | <u>5,38,95,58,636</u> |
| Total | | <u>4,77,65,28,147</u> | <u>6,28,68,62,679</u> |
| EQUITY AND LIABILITIES | | | |
| (1) Shareholder's Funds: | | | |
| Equity Share Capital | 21 | 10,49,00,000 | 10,49,00,000 |
| Other Equity | 22 | (4,81,35,258) | 2,35,84,70,755 |
| | | <u>5,67,64,742</u> | <u>2,46,33,70,755</u> |
| (2) Non-Current Liabilities | | | |
| Financial Liabilities | | | |
| (i) Borrowings | 23 | 12,86,63,945 | 7,26,65,520 |
| (ii) Other Financial Liabilities | 24 | - | 4,06,864 |
| Provisions | 25 | 1,56,39,927 | 86,70,560 |
| Other non current liabilities | 26 | 40,93,66,792 | 63,54,50,844 |
| | | <u>55,36,70,664</u> | <u>71,71,93,788</u> |
| (3) Current Liabilities | | | |
| Financial Liabilities | | | |
| (i) Borrowings | 27 | 2,90,60,53,947 | 1,24,70,57,528 |
| (ii) Trade Payables | | | |
| Dues to Micro and Small Enterprises | 28 | 56,19,008 | 1,64,56,080 |
| Dues to Others | 28 | 83,51,45,907 | 1,37,76,84,539 |
| (iii) Other Financial Liabilities | 29 | 3,30,742 | 3,53,490 |
| Other Current Liabilities | 30 | 41,41,60,258 | 45,85,45,401 |
| Provisions | 31 | 47,82,880 | 62,01,098 |
| | | <u>4,16,60,92,742</u> | <u>3,10,62,98,136</u> |
| Total | | <u>4,77,65,28,147</u> | <u>6,28,68,62,679</u> |

See accompanying notes forming part of the Standalone financial statements 1 to 55
In term of our report attached

As per our report attached
For G C Agarwal & Associates
Chartered Accountants
Firm Reg. No.017851N

For and on behalf of Board of Directors

G. C. Agarwal
Proprietor
Mem. No.083820

Arjun Gupta
Chairman & Managing Director
DIN-00012092

Date : 11-02-2021
Place : New Delhi

Shiam Narain Tandon
Chief Financial Officer
PAN. AOTF14652A

Suman Kumar Verma
Company Secretary
Mem. No.F7409

TECHNOFAB ENGINEERING LIMITED

CIN NO.L74210DL1971PLC005712

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

| Particulars | Note no. | Amount in ₹ | |
|---|----------|-------------------------|-------------------------|
| | | Year Ended 31-Mar-20 | Year Ended 31-Mar-19 |
| REVENUE : | | ₹ | ₹ |
| Revenue from Operations | 32 | 56,53,95,379 | 3,70,36,84,789 |
| Other Income | 33 | 5,35,95,624 | 6,44,74,801 |
| Total Revenue | | 61,89,91,003 | 3,76,81,59,590 |
| EXPENSES : | | | |
| Cost of Materials Consumed | 34 | 49,91,00,631 | 2,34,98,88,792 |
| Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | 35 | 4,81,26,923 | 23,01,18,789 |
| Expenditure on Contracts | 36 | 22,22,34,347 | 44,42,81,518 |
| Employee Benefit Expense | 37 | 32,35,36,456 | 45,61,23,435 |
| Finance Costs | 38 | 33,14,28,746 | 33,04,66,431 |
| Depreciation and Amortization Expense | 5, 6 & 7 | 6,77,78,745 | 4,29,46,025 |
| Other Expenses | 39 | 8,94,26,200 | 35,60,02,469 |
| Total Expenses | | 1,58,16,32,048 | 4,20,98,27,459 |
| Profit / (Loss) before Exceptional items and Tax | | (96,26,41,045) | (44,16,67,869) |
| Exceptional Items | 40 | 1,29,68,13,694 | - |
| Profit / (Loss) after Exceptional items but Before Tax | | (2,25,94,54,739) | (44,16,67,869) |
| Tax Expense : | | | |
| - Current Tax | | - | - |
| - Deferred Tax | | 12,45,49,876 | (14,91,68,957) |
| - Tax Adjustment for Earlier Years | | 2,13,95,147 | (9,50,356) |
| Total Tax Expenses | | 14,59,45,023 | (15,01,19,313) |
| Profit / (Loss) for the period from continuing operations | | (2,40,53,99,762) | (29,15,48,556) |
| Other Comprehensive Income | | | |
| A Items that will not be reclassified to profit or loss | | | |
| (a) Re-measurement Gains / (Losses) of defined benefit plans | | (10,89,541) | 15,72,281 |
| Income tax effect on above | | - | (5,49,354) |
| (b) Equity Instruments through Other Comprehensive Income | | (1,16,710) | (3,36,416) |
| Gains / (Losses) on Fair valuation of Long Term Investment | | | |
| Income tax effect on above | | - | 1,17,544 |
| Total Other Comprehensive Income | | (12,06,251) | 8,04,055 |
| Total Comprehensive Income for the year | | (2,40,66,06,013) | (29,07,44,501) |
| Earning per share (₹) | | | |
| Basic | | (229.30) | (27.79) |
| Diluted | | (229.30) | (27.79) |
| Face Value of Share (₹) | | 10.00 | 10.00 |

See accompanying notes forming part of the Standalone financial statements 1 to 55
In term of our report attached

As per our report attached.
For G C Agarwal & Associates
Chartered Accountants
Firm Reg. No.017851N

For and on behalf of Board of Directors

G. C. Agarwal
Proprietor
Mem. No.083820

Arjun Gupta
Chairman & Managing Director
DIN-00012092

Date : 11-02-2021
Place : New Delhi

Shiam Narain Tandon
Chief Financial Officer
PAN. ACTPT4052A

Suman Kumar Verma
Company Secretary
Mem. No.F7409

TECHNOFAB ENGINEERING LIMITED

CIN NO.L74210DL1971PLC005712

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31ST MARCH, 2020

Amount in ₹

| A. Equity Share Capital | Balance as at 31st March, 2018 | Changes in equity share capital during the period 2018-19 | Balance as at 31st March, 2019 | Changes in equity share capital during the period 2019-20 | Balance as at 31st March, 2020 | |
|---|--------------------------------|---|--------------------------------|---|---|-----------------------|
| | 10,49,00,000 | - | 10,49,00,000 | - | 10,49,00,000 | |
| (Amount in ₹) | | | | | | |
| B. Other Equity | Reserves & Surplus | | Retained Earnings | Items of Other Comprehensive Income | | Total |
| | Securities Premium Reserve | General Reserve | | Items that will not be reclassified to Profit and Loss | Equity Instruments through Other Comprehensive Income | |
| Particulars | | | | Remeasurement of Defined Benefit Plans | | |
| Balance as at March 31, 2018 | 70,19,42,133 | 81,07,94,057 | 1,15,88,30,707 | 27,44,000 | 1,96,845 | 2,67,45,07,742 |
| Dividend Declared on Equity Shares @ ₹ 2.00 per share (Previous year ₹ Nil) | | | (2,09,80,000) | | | (2,09,80,000) |
| Dividend distribution tax | | | (43,12,487) | | | (43,12,487) |
| Profit for the year ended 31st March, 2019 | | | (29,17,09,080) | | | (29,17,09,080) |
| Re-measurement gains (losses) on defined benefit plans | | | | 11,83,451 | | 11,83,451 |
| Gain (losses) on Fair valuation of Long Term Investment | | | | | (2,18,872) | (2,18,872) |
| Balance as at March 31, 2019 | 70,19,42,133 | 81,07,94,057 | 84,18,29,140 | 39,27,451 | (22,027) | 2,35,84,70,755 |
| Profit for the period ended 31st March, 2020 | | | (2,40,53,99,762) | | | (2,40,53,99,762) |
| Re-measurement gains (losses) on defined benefit plans | | | | (10,89,541) | | (10,89,541) |
| Gain (losses) on Fair valuation of Long Term Investment | | | | | (1,16,710) | (1,16,710) |
| Balance as at March 31, 2020 | 70,19,42,133 | 81,07,94,057 | (1,56,35,70,623) | 28,37,910 | (1,38,737) | (4,81,35,258) |

See accompanying notes forming part of the Standalone financial statements 1 to 55
In term of our report attached

For and on behalf of Board of Directors

As per our report attached
For G C Agarwal & Associates
Chartered Accountants
Firm Reg. No.017851N

Arjun Gupta
Chairman & Managing Director
DIN-00012092

G. C. Agarwal
Proprietor
Mem. No.083820

Date : 11-02-2021
Place : New Delhi

Shiam Narain Tandon
Chief Financial Officer
PAN. ACTPT4052A

Suman Kumar Verma
Company Secretary
Mem. No.F7409

TECHNOFAB ENGINEERING LIMITED

CIN NO.L74210DL1971PLC005712

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

| Particulars | Amount in ₹ | |
|--|-----------------------------|-------------------------|
| | Year Ended 31-Mar-20 | Year Ended 31-Mar-19 |
| (A) CASH FLOW OPERATING ACTIVITIES | | |
| Net Profit Before Tax and Extraordinary Item | (2,25,94,54,739) | (44,16,67,869) |
| Adjustment for : | | |
| Depreciation | 6,77,78,745 | 4,29,46,025 |
| Interest Expenses | 21,80,00,858 | 21,91,01,560 |
| Interest Income | (1,76,22,179) | (2,60,14,355) |
| Loss on Sale of Property, Plant and Equipments (Net) | 99,23,757 | 4,32,825 |
| Dividend Income | (23,659) | (25,94,326) |
| Gain on Fair Valuation of Mutual fund | - | (645) |
| Interest Income on fair valuation of Security Deposit | (76,814) | (1,65,468) |
| Profit on sale of Investments (Net) | - | - |
| Operating Profit before Working Capital Changes | (1,98,14,74,031) | (20,79,62,253) |
| Adjustment for : | | |
| Trade receivables | 67,36,48,220 | 35,16,21,025 |
| Loans and Advances and other assets | 51,15,92,108 | (9,19,06,814) |
| Inventories | 10,24,95,079 | 20,61,76,641 |
| Trade and Other payables | (81,99,29,613) | (53,03,23,980) |
| Cash Generated from Operation | (1,51,36,68,237) | (27,23,95,383) |
| Direct Taxes Paid | 2,10,98,073 | (5,32,06,686) |
| Net Cash Flow from Operating Activities | (A) (1,49,25,70,164) | (32,56,02,068) |
| (B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (23,21,009) | (6,37,93,583) |
| Sale of Fixed Assets | 13,32,526 | 7,74,967 |
| Interest Income | 1,76,22,179 | 2,60,14,355 |
| Sale / (Purchase) of Investments (Net) | 11,69,123 | 20,47,45,820 |
| Dividend Received | 23,659 | 25,94,326 |
| Net Cash from (-used) in Investing Activities | (B) 1,78,26,478 | 17,03,35,885 |
| (C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Interest Paid | (21,79,24,044) | (21,89,36,092) |
| Proceeds / (Repayment) from / of Long term Borrowings (Net) | 5,59,98,425 | 57,64,640 |
| Proceeds / (Repayment) from / of Short term Borrowings (Net) | (6,55,92,424) | 34,20,67,959 |
| Increase in Borrowings due to Invocation of Bank Guarantees | 1,72,45,88,843 | - |
| Dividend Paid | - | (2,09,80,000) |
| Tax on Dividend | - | (43,12,487) |
| Net Cash Flow From Financing Activities | (C) 1,49,70,70,800 | 10,36,04,020 |
| Net Increase in Cash and Cash Equivalents | (A+B+C) 2,23,27,114 | (5,16,62,163) |
| Cash & Cash Equivalents (Opening Balance) | 2,04,05,315 | 7,20,67,478 |
| Cash & Cash Equivalents (Closing Balance) | 4,27,32,429 | 2,04,05,315 |

See accompanying notes forming part of the Standalone financial statements 1 to 55
In term of our report attached

For and on behalf of Board of Directors

For G C Agarwal & Associates
Chartered Accountants
Firm Reg. No.017851N

Arjun Gupta
Chairman & Managing Director
DIN-00012092

G. C. Agarwal
Proprietor
Mem. No.083820

Shiam Narain Tandon
Chief Financial Officer
PAN. ACTPT4052A

Suman Kumar Verma
Company Secretary
Mem. No.F7409

Date : 11-02-2021
Place : New Delhi

TECHNOFAB ENGINEERING LIMITED

Notes to the standalone financial statements

Note - 5 Property, Plants and Equipments

Amount in ₹

| Particulars | Land | Buildings | Plant and Equipments | Right-of-Use Assets | Temporary Structure | Barges | Furniture and Fixture | Office Equipment | Vehicles | Computer | Total |
|---------------------------------|---------------------|--------------------|----------------------|---------------------|---------------------|--------------------|-----------------------|------------------|--------------------|------------------|---------------------|
| Gross Block | | | | | | | | | | | |
| As at April 01, 2018 | 23,35,85,000 | 4,81,58,822 | 15,44,38,438 | - | 9,77,59,347 | 8,04,01,884 | 33,51,748 | 26,51,120 | 6,17,74,799 | 79,96,369 | 61,88,36,231 |
| Additions | | - | 3,38,11,292 | - | 1,41,72,089 | - | 1,69,417 | - | 1,22,08,718 | 27,78,597 | 6,31,40,113 |
| Adjustment | | - | 6,52,652 | - | - | - | - | - | 19,99,175 | 1,13,467 | 27,65,294 |
| As at March 31, 2019 | 23,35,85,000 | 4,81,58,822 | 18,75,97,078 | - | 11,19,31,436 | 8,04,01,884 | 35,21,165 | 26,51,120 | 7,19,84,342 | 1,06,61,499 | 75,04,92,345 |
| Additions | | | | 16,10,16,039 | 20,50,899 | | | | | 32,110 | 16,30,99,048 |
| Adjustment | | | 2,70,53,853 | 16,10,16,039 | 11,21,29,342 | | 7,33,853 | | 1,05,17,463 | 9,87,703 | 31,24,38,253 |
| As at March 31, 2020 | 23,35,85,000 | 4,81,58,822 | 16,05,43,225 | - | 18,52,993 | 8,04,01,884 | 27,87,312 | 26,51,120 | 6,14,66,879 | 97,05,906 | 60,11,53,140 |
| Accumulated Depreciation | | | | | | | | | | | - |
| As at April 01, 2018 | - | 28,02,791 | 2,83,50,048 | - | 9,14,84,266 | 1,19,99,124 | 7,09,905 | 14,95,860 | 1,39,53,305 | 38,86,698 | 15,46,81,997 |
| Charge for the year | | 14,01,521 | 1,80,25,948 | - | 28,49,823 | 59,99,562 | 4,19,908 | 3,75,315 | 1,05,12,561 | 21,84,145 | 4,17,68,783 |
| Adjustment | | - | 3,81,701 | - | - | - | - | - | 11,39,801 | 36,000 | 15,57,502 |
| As at March 31, 2019 | - | 42,04,312 | 4,59,94,295 | - | 9,43,34,089 | 1,79,98,686 | 11,29,813 | 18,71,175 | 2,33,26,065 | 60,34,843 | 19,48,93,278 |
| Charge for the period | | 14,01,878 | 1,69,00,809 | 2,23,50,072 | 83,23,506 | 60,15,999 | 3,39,136 | 2,14,007 | 91,86,176 | 18,88,358 | 6,66,19,941 |
| Adjustment | | | 82,32,066 | 2,23,50,072 | 10,13,68,395 | - | 3,02,626 | - | 69,78,690 | 9,34,082 | 14,01,65,931 |
| As at March 31, 2020 | - | 56,06,190 | 5,46,63,038 | - | 12,89,200 | 2,40,14,685 | 11,66,323 | 20,85,182 | 2,55,33,551 | 69,89,119 | 12,13,47,287 |
| Net Carrying Amount | | | | | | | | | | | |
| As at March 31, 2019 | 23,35,85,000 | 4,39,54,510 | 14,16,02,783 | - | 1,75,97,347 | 6,24,03,198 | 23,91,352 | 7,79,945 | 4,86,58,277 | 46,26,656 | 55,55,99,067 |
| As at March 31, 2020 | 23,35,85,000 | 4,25,52,632 | 10,58,80,187 | - | 5,63,793 | 5,63,87,199 | 16,20,989 | 5,65,938 | 3,59,33,328 | 27,16,787 | 47,98,05,853 |

Note - 6 Investment in Property

Note - 7 Intangible assets

| Particulars | Amount in ₹ | | Particulars | Amount in ₹ | |
|---------------------------------|------------------|------------------|---------------------------------|------------------|------------------|
| | Buildings | Total | | Software | Total |
| Gross Block | | | Gross Block | | |
| As at April 01, 2018 | 57,76,419 | 57,76,419 | As at April 01, 2018 | 56,76,930 | 56,76,930 |
| Additions | - | - | Additions | 6,53,470 | 6,53,470 |
| As at March 31, 2019 | 57,76,419 | 57,76,419 | As at March 31, 2019 | 63,30,400 | 63,30,400 |
| Additions | - | - | Additions | 2,38,000 | 2,38,000 |
| As at March 31, 2020 | 57,76,419 | 57,76,419 | As at March 31, 2020 | 65,68,400 | 65,68,400 |
| Accumulated Depreciation | | | Accumulated Depreciation | | |
| As at April 01, 2018 | 1,83,171 | 1,83,171 | As at April 01, 2018 | 29,99,585 | 29,99,585 |
| Charge for the year | 91,460 | 91,460 | Charge for the year | 10,85,782 | 10,85,782 |
| As at March 31, 2019 | 2,74,631 | 2,74,631 | As at March 31, 2019 | 40,85,367 | 40,85,367 |
| Charge for the year | 91,711 | 91,711 | Charge for the year | 10,67,093 | 10,67,093 |
| As at March 31, 2020 | 3,66,342 | 3,66,342 | As at March 31, 2020 | 51,52,460 | 51,52,460 |
| Net Carrying Amount | | | Net Carrying Amount | | |
| As at March 31, 2019 | 55,01,788 | 55,01,788 | As at March 31, 2019 | 22,45,033 | 22,45,033 |
| As at March 31, 2020 | 54,10,077 | 54,10,077 | As at March 31, 2020 | 14,15,940 | 14,15,940 |

TECHNOFAB ENGINEERING LIMITED

Notes to the standalone financial statements

| Particulars | Face Value | Qty. in nos. | Amount in ₹ | |
|--|------------|--------------|---------------------|-----------------------|
| | | | As at 31-Mar-20 | As at 31-Mar-19 |
| Note -8 Non-current Investments - Non Trade | | | ₹ | ₹ |
| (Long Term Investments at Fair Value) | | | | |
| Designated at fair value through Other Comprehensive Income | | | | |
| (I) Equity Shares, Fully Paid up (quoted) | | | | |
| Ahluwalia Contracts Ltd. | 2 | 100 | 17,160 | 32,485 |
| C & C Construction Ltd. | 10 | 100 | 110 | 1,140 |
| Hind Dorr-Oliver Ltd. | 2 | 74037 | - | - |
| Hindustan Construction Ltd. | 1 | 100 | 395 | 1,500 |
| IVRCL Infrastructure Ltd. | 2 | 100 | - | 80 |
| Larsen & Toubro Ltd. | 2 | 225 | 1,21,275 | 2,07,795 |
| Nagarjuna Construction Ltd. | 2 | 100 | 1,875 | 11,285 |
| Patel Engineering Ltd. | 1 | 100 | 900 | 2,540 |
| Shriram EPC Ltd. | 10 | 200 | 230 | 1,630 |
| Unitech Ltd. | 2 | 2000 | 2,500 | 2,700 |
| Total (I) of Investments measured at Fair Value Through Other Comprehensive Income (FVTOCI) | | | 1,44,445 | 2,61,155 |
| (II) In wholly owned subsidiary company Investments measured at Fair Value Through Profit & Loss (FVTPL) | | | | |
| Unquoted, fully paid up equity shares (Non-Trade) | | | | |
| Rivu Infrastructural Developers Pvt. Ltd. | 10 | 100000 | - | - |
| Woodlands Instruments Pvt. Ltd. | 10 | 473000 | 1,67,51,020 | 1,67,51,020 |
| Arihant Flour Mills Pvt. Ltd. | 100 | 58228 | 9,00,95,982 | 9,00,95,982 |
| Total (II) of Investments measured at Fair Value Through Profit & Loss (FVTPL) | | | 10,68,47,002 | 10,68,47,002 |
| (III) Unquoted Equity shares, Fully Paid up | | | | |
| Hydro Air Tectonics (PCD) Ltd. | 10 | 390000 | - | - |
| Total (III) of Investments measured at Fair Value Through Profit & Loss (FVTPL) | | | - | - |
| Total (Non-current Investments) | | | 10,69,91,447 | 10,71,08,157 |
| Note - 9 Loans Non-Current (Unsecured, Considered good) | | | | |
| Security Deposit / Earnest Money | | | 1,69,69,116 | 2,01,02,563 |
| Total | | | 1,69,69,116 | 2,01,02,563 |
| Note - 10 Other Non Current Financial Assets | | | | |
| Fixed deposits having remaining maturity of more than 12 months * | | | 19,608 | 5,99,82,305 |
| Total | | | 19,608 | 5,99,82,305 |
| * Pledged with Banks as margin for Bank Guarantees and Letter of Credit Rs. NIL (Previous Year 5,99,82,305/-) Deposited with Commerical Tax Officer (MP) Rs 19,608/- (Previsous Year NIL) | | | | |
| Note - 11 Other Non Current Assets | | | | |
| Prepaid Expenses | | | 40,00,380 | 2,22,15,253 |
| Total | | | 40,00,380 | 2,22,15,253 |
| Note - 12 Deferred tax Assets comprised of the following: - | | | | |
| Assets | | | | |
| (i) Disallowance under Income Tax Act | | | - | 51,96,752 |
| (ii) Carried Forward losses | | | - | 15,09,19,610 |
| Total Deferred tax assets | | | - | 15,61,16,362 |
| Liability | | | | |
| Difference between book and tax base related to fixed assets | | | - | 3,15,66,485 |
| Total Deferred tax liabilities | | | - | 3,15,66,485 |
| Net Deferred Tax Assets | | | - | 12,45,49,877 |
| Deferred Tax (Assets) / Liability provided for | | | | |
| Profit and Loss Account | | | 12,45,49,876 | (14,91,68,957) |
| Other Comprehensive Income | | | - | 4,31,810 |
| Net Deferred Tax (Assets) / Liability | | | 12,45,49,876 | (14,87,37,147) |
| Note - 13 Inventories | | | | |
| Raw Material | | | 11,55,91,699 | 21,80,86,778 |
| Total | | | 11,55,91,699 | 21,80,86,778 |

TECHNOFAB ENGINEERING LIMITED

Notes to the standalone financial statements

| Particulars | Amount in ₹ | |
|---|-----------------------|-----------------------|
| | Qty. in nos. | As At 31-Mar-20 |
| Note - 14 Current Investments | | |
| Designated at fair value through Profit and Loss account. | | |
| Current Investments (other than trade) | | |
| Unquoted, Fully Paid up units of mutual fund | | |
| Kotak Floater Short Term - Daily Dividend (Regular Plan) | - | - |
| | 1040 | 10,52,413 |
| Total | - | 10,52,413 |
| Note - 15 Trade Receivables # | | |
| Trade Receivables considered good-Secured | - | - |
| Trade Receivables considered good-Unsecured | 3,31,86,21,310 | 3,99,22,69,530 |
| Trade Receivables which have significant increase in Credit Risk | - | - |
| Trade Receivables - Credit impaired | - | - |
| Total | 3,31,86,21,310 | 3,99,22,69,530 |
| # Trade receivables includes Retention Money | | |
| Note - 16 Cash and Cash Equivalents | | |
| Balance with Banks | | |
| in Current Account with Domestic Banks | 1,88,53,097 | 61,07,045 |
| in Current Account with Foreign Banks* | 2,25,24,494 | 1,35,71,194 |
| Cash on Hand | 13,54,838 | 7,27,075 |
| Total | 4,27,32,429 | 2,04,05,314 |
| The balance appearing in: | | |
| (a) Bank of Abyssinia (ETB), Ethiopia amounting to Rs. 91,501/- (Previous year Rs. 15,90,290/-) | | |
| (b) Standard Bank SA, Mozambique amounting to Rs. 1,30,68,127/- (Previous year Rs. 1,07,25,882/-) | | |
| (c) Bank of Baroda, Fiji amounting to Rs. 2,41,424/- (Previous year Rs. 2,32,810/-) | | |
| are subject to verification of Bank Statements and reconciliation. | | |
| * Also refer Note No. 41(a) | | |
| Note - 17 Other Bank Balances | | |
| In Earmarked Dividend Bank Accounts | 3,30,742 | 3,53,490 |
| Fixed deposits having remaining maturity of more than three months and less than twelve months and other than considered in cash and cash equivalents * | 4,41,48,970 | 44,98,97,639 |
| Total | 4,44,79,712 | 45,02,51,129 |
| * Pledged / under lien with bank for issue of Bank Guarantees and Letter of Credit | | |
| Note - 18 Loans Current (Unsecured, Considered good) | | |
| Security Deposits | 27,71,734 | 37,02,352 |
| Total | 27,71,734 | 37,02,353 |
| Note - 19 Current Tax Assets (Net) | | |
| Advance Taxes and Tax Deducted at Source (Net of Provisions) | 1,11,53,607 | 5,36,46,828 |
| Total | 1,11,53,607 | 5,36,46,828 |
| Note - 20 Other Current Assets (Unsecured, Considered good) | | |
| Recoverable from Revenue Authorities | 23,65,19,538 | 20,07,52,912 |
| Income Tax Refund Receivable | 7,27,28,795 | 7,98,21,012 |
| Prepaid Expenses | 2,67,28,110 | 6,14,22,553 |
| Unbilled Revenue | 24,57,05,121 | 19,82,96,000 |
| Advances for supply of raw materials & Others | 4,48,83,671 | 10,98,51,815 |
| Total | 62,65,65,235 | 65,01,44,292 |

TECHNOFAB ENGINEERING LIMITED

Notes to the standalone financial statements

| Particulars | Amount in ₹ | |
|---|---------------------|---------------------|
| | As At 31-Mar-20 | As At 31-Mar-19 |
| Note - 21 Share Capital | ₹ | ₹ |
| Authorised Capital | | |
| 180,00,000 Equity shares of ₹ 10/- each | 18,00,00,000 | 18,00,00,000 |
| Issued, Subscribed & Paid up | | |
| 104,90,000 Equity shares of ₹ 10/- each | 10,49,00,000 | 10,49,00,000 |
| Total | 10,49,00,000 | 10,49,00,000 |

Note (i) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period.

| Particulars | As At 31-Mar-20 | | As At 31-Mar-19 | |
|--------------------------------------|--------------------|---------------------|--------------------|---------------------|
| | No. of shares | Amount in ₹ | No. of shares | Amount in ₹ |
| Shares at the beginning of the year | 10490000 | 10,49,00,000 | 10490000 | 10,49,00,000 |
| Addition during the year | - | - | - | - |
| Shares at the end of the year | 10490000 | 10,49,00,000 | 10490000 | 10,49,00,000 |

(ii) List of share holders holding more than 5% of the total shares of the Company.

| Name of the shares holders | No. of shares | % of holding | No. of shares | % of holding |
|-----------------------------|---------------|--------------|---------------|--------------|
| Arjun Gupta | 2825293 | 26.93 | 432872 | 4.13 |
| Avinash Chander Gupta | 920675 | 8.78 | 3313096 | 31.58 |
| Pragmatic Traders Pvt. Ltd. | 568476 | 5.42 | 568476 | 5.42 |

Note - 22 Other Equity

| | | |
|--|-------------------------|-----------------------|
| (i) Securities Premium (Refer Note 22a) | 70,19,42,133 | 70,19,42,133 |
| (ii) General Reserve (Refer Note 22b) | | |
| As per last accounts | 81,07,94,058 | 81,07,94,058 |
| Closing Balance | 81,07,94,058 | 81,07,94,058 |
| (iii) Other Comprehensive Income (Refer Note 22c) | | |
| As per last accounts | 39,05,424 | 29,40,845 |
| Add : Profit (-Loss) after tax for the year | (12,06,251) | 9,64,579 |
| Closing Balance | 26,99,173 | 39,05,424 |
| (iv) Surplus | | |
| As per last accounts | 84,18,29,140 | 1,15,88,30,707 |
| Add : Profit (-Loss) after tax for the year | (2,40,53,99,762) | (29,17,09,080) |
| share (Previous year ₹ 2.00) | - | 2,09,80,000 |
| Less : Dividend distribution tax | - | 43,12,487 |
| Closing Balance | (1,56,35,70,622) | 84,18,29,140 |
| Total | (4,81,35,258) | 2,35,84,70,755 |

Nature of Reserves

- 22a** Securities premium reserve represents the amount received in excess of per value of securities (equity share, preference shares and debentures). Premium on redemption of securities is accounted in security premium available. Where security premium is not available, premium on redemption of securities is accounted in statement of profit and loss. section 52 of Companies act 2013 specify restriction and utilisation of security
- 22b** General reserve represents the statutory reserve, this is in accordance with Indian corporate law wherein a portion of profit is apportioned to general reserve. Under companies act 1956 it was mandatory to transfer amount before a company can declare dividend. however under companies act 2013 transfer of any amount to General reserve is at the discretion of the company.
- 22c** Other Comprehensive income Reserve represent the balance in equity for items to be accounted in other comprehensive income. OCI is classified into i). Items that will not be reclassified to profit and loss ii). Items that will be reclassified to profit and loss.

TECHNOFAB ENGINEERING LIMITED

Notes to the standalone financial statements

| Particulars | Amount in ₹ | |
|---|-----------------------|-----------------------|
| | As At 31-Mar-20 | As At 31-Mar-19 |
| Note - 23 Non Current borrowings {Term Loans (from Banks)} | ₹ | ₹ |
| Secured | | |
| Vehicle Loans* | 10,76,452 | 46,60,638 |
| Equipment Loans** | - | 41,30,429 |
| Unsecured | | |
| Loans from Subsidiaries*** | 12,75,87,493 | 6,38,74,453 |
| Total | 12,86,63,945 | 7,26,65,520 |
| <p>* Secured by hypothecation of the vehicles and is repayable in equated installments upto July, 2022 for different vehicles financed. The loan carries interest rate ranging 10% p.a to 13% p.a.</p> <p>** ECB Loan of USD 253,707/- equivalent Rupees 19,121,235/- (Including current maturity of long term debt in note 27) is secured against hypothecation of plant and machinery purchased for International Projects. The loan carries interest @ six months Libor plus 3.5% p.a. The loan is net of transaction cost.</p> <p>*** Unsecured loans from wholly owned subsidiary companies and is repayable after five years from 31st March,2018 bearing interest rate of 11.6%.</p> | | |
| Note - 24 Other Non Current Financial Liabilities | — | — |
| Others Payables | | |
| Vehicle Security | - | 4,06,864 |
| Total | - | 4,06,864 |
| Note - 25 Provisions | | |
| Long Term Provisions | | |
| Gratuity | 1,14,33,654 | 56,32,949 |
| Leave Encashment | 42,06,273 | 30,37,611 |
| Total | 1,56,39,927 | 86,70,560 |
| Note - 26 Other Non Current Liabilities | — | — |
| Others Payables | | |
| Advance from Customers | 40,93,66,792 | 63,54,50,844 |
| Total | 40,93,66,792 | 63,54,50,844 |
| Note - 27 Current borrowings (Secured) | | |
| From Banks | | |
| Working Capital* | 2,88,55,78,680 | 1,24,70,57,528 |
| <u>Current maturity of :</u> | | |
| Vehicle Loans | 13,54,032 | - |
| Equipment Loans | 1,91,21,235 | - |
| Total | 2,90,60,53,947 | 1,24,70,57,528 |
| <p>* Working capital loan is secured against tangible movable assets including stock, stores and book debts of the Company and against equitable mortgage of the Company's immovable properties comprising land, building and other structures and fittings, fixed plant and machinery and other fixtures and fittings erected or installed at factory land and building and personal guarantee of one Director and promotor.</p> | | |
| Interest in respect of Bank loan | | |
| (i) AXIS BANK | 2,49,35,607 | |
| (ii) BANK OF BARODA | 66,04,918 | |
| (iii) IDBI BANK | 42,04,951 | |
| (iv) STATE BANK OF INDIA | 1,39,01,397 | |
| (v) UNITED BANK OF INDIA | 2,43,47,302 | |
| Total | 7,39,94,175 | |
| For the period July-2019 to March-2020 was not charged by banks during the year. | | |

TECHNOFAB ENGINEERING LIMITED

Notes to the standalone financial statements

| Particulars | Amount in ₹ | |
|--|---------------------|-----------------------|
| | As At 31-Mar-20 | As At 31-Mar-19 |
| Note - 28 Trade Payables | ₹ | ₹ |
| Total outstanding dues of micro enterprises and small enterprises* | 56,19,008 | 1,64,56,080 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 83,51,45,907 | 1,37,76,84,539 |
| Total | 84,07,64,915 | 1,39,41,40,619 |
| *Note relating to micro, small and medium enterprises | | |
| i Principal Amount remaining unpaid at the end of the year | 53,70,392 | 1,50,32,791 |
| ii Interest Amount remaining unpaid at the end of the year | 2,48,616 | 14,23,289 |
| iii Amount of Interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 | | |
| iv Amount of Interest due and payable for the period of delay in making payment (in addition to the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | | |
| v Amount of Interest accrued and remained unpaid at the end of the year | | |
| vi Amount of further Interest remaining due and paid in the succeeding year | - | 19,40,025 |
| Total | 56,19,008 | 1,64,56,080 |
| Note - 29 Other Current Financial Liabilities | | |
| Unpaid Dividend | 3,30,742 | 3,53,490 |
| Total | 3,30,742 | 3,53,490 |
| Note - 30 Other Current Liabilities | | |
| Other Payable (including expenses payable) | 31,13,53,305 | 31,36,34,178 |
| Advance from Customers | 7,22,41,199 | 11,21,38,384 |
| Statutory Dues | 3,05,65,754 | 3,27,72,839 |
| Total | 41,41,60,258 | 45,85,45,401 |
| Note - 31 Current Provisions | | |
| Gratuity | 35,67,306 | 51,25,567 |
| Leave Encashment | 12,15,574 | 10,75,531 |
| Total | 47,82,880 | 62,01,098 |

TECHNOFAB ENGINEERING LIMITED

Notes to the standalone financial statements

| | | Amount in ₹ | |
|---|-------------------------|-------------------------|--|
| Particulars | Year Ended 31-Mar-20 | Year Ended 31-Mar-19 | |
| Note - 32 Revenue from Operations | ₹ | ₹ | |
| Construction Contract | 56,53,73,373 | 3,70,25,00,270 | |
| Export Incentives | 22,006 | 11,84,519 | |
| Total | 56,53,95,379 | 3,70,36,84,789 | |
| Note - 33 Other Income | | | |
| Miscellaneous Income | 30,77,483 | 26,62,606 | |
| Interest from Others | 75,590 | 10,616 | |
| Rent Received | 1,06,803 | 97,879 | |
| Dividend Income from Current Investments | - | 25,90,596 | |
| Dividend Income from Non-Current Investments | 23,659 | 3,730 | |
| Gain on Fair Valuation of Mutual fund | - | 645 | |
| Interest received on Income Tax Refund | 22,97,910 | 57,01,588 | |
| Interest Income on fair valuation of Security Deposit | 76,814 | 1,65,468 | |
| Exchange Rate Variation (Net) | 2,79,41,686 | 2,15,15,114 | |
| Interest received on FDR | 1,99,95,679 | 3,17,26,559 | |
| Total | 5,35,95,624 | 6,44,74,801 | |
| Note - 34 Cost of Materials Consumed | 49,91,00,631 | 2,34,98,88,792 | |
| Note - 35 (Increase) / Decrease in Raw Material & Work in progress | | | |
| (a) Opening Stock | | | |
| Raw Material | 13,66,33,982 | - | |
| Work-in-Progress | - | 23,01,18,789 | |
| Total a | 13,66,33,982 | 23,01,18,789 | |
| (b) Closing Stock | | | |
| Raw Material | 8,85,07,059 | - | |
| Work-in-Progress | - | - | |
| Total b | 8,85,07,059 | - | |
| Total (a-b) | 4,81,26,923 | 23,01,18,789 | |
| Note - 36 Expenditure on Contracts | | | |
| Power and Fuel | 31,21,519 | 1,30,96,176 | |
| Inspection and Testing | 73,12,979 | 2,42,92,161 | |
| Repairs and Maintenance | 1,19,89,299 | 3,43,15,286 | |
| Freight, Forwarding and Clearing | 1,87,55,832 | 10,29,02,272 | |
| Rates and Taxes | 1,37,35,372 | 5,69,62,060 | |
| Rent and Hire Charges | 3,79,17,125 | 5,33,21,847 | |
| Insurance | 4,27,67,750 | 3,37,88,199 | |
| Other Site Expenses | 8,65,66,189 | 12,54,53,699 | |
| Rent Expense on fair valuation of Security Deposit | 68,282 | 1,49,818 | |
| Total | 22,22,34,347 | 44,42,81,518 | |
| Note - 37 Employee Benefit Expense | | | |
| Salaries, Wages and Other Allowances | 29,46,93,590 | 40,84,14,223 | |
| Contribution to Provident and Other Funds | 2,31,77,503 | 3,43,45,756 | |
| Workmen and staff Welfare | 56,65,363 | 1,33,63,456 | |
| Total | 32,35,36,456 | 45,61,23,435 | |

TECHNOFAB ENGINEERING LIMITED

Notes to the standalone financial statements

| Particulars | Amount in ₹ | |
|---|-------------------------|-------------------------|
| | Year Ended 31-Mar-20 | Year Ended 31-Mar-19 |
| Note - 38 Finance Cost | ₹ | ₹ |
| Interest | 21,80,00,858 | 21,91,01,560 |
| Bank Charges | 11,34,27,888 | 11,13,64,871 |
| Total | 33,14,28,746 | 33,04,66,431 |
| Note - 39 Other Expenses | | |
| Power and Fuel | 31,77,639 | 62,98,990 |
| Repairs to Machinery | - | 13,722 |
| Repairs to Others | 58,62,186 | 1,22,33,709 |
| Insurance | 25,14,475 | 48,79,593 |
| Rates and Taxes | 1,37,25,631 | 33,83,733 |
| Interest on TDS | 28,09,846 | 23,01,611 |
| Auditors Remuneration | 1,05,000 | 1,21,000 |
| Miscellaneous Expenditure | 23,24,159 | 2,92,58,608 |
| Donations | - | 1,00,000 |
| CSR Expenditure | - | 51,23,789 |
| Director's Sitting Fees | 13,20,000 | 19,60,000 |
| Legal and Professional | 3,37,84,658 | 4,46,06,587 |
| Rent and Hire Charges | 10,07,750 | 5,55,91,351 |
| Communication Charges | 14,34,905 | 28,69,681 |
| Printing and Stationary | 9,92,066 | 42,32,057 |
| Travelling and Conveyance | 29,36,895 | 1,13,71,693 |
| Vehicle Running and Maintenance Charges | - | 2,84,529 |
| Bad Debts and Sundry Balance w/off | 75,07,233 | 17,09,38,991 |
| Loss on Sale of Assets (Net) | 99,23,757 | 4,32,825 |
| Total | 8,94,26,200 | 35,60,02,469 |
| Note - 40 Exceptional Items | | |
| BG Invoked by customers/balance written off | 1,31,35,11,298 | - |
| BG Invoked by us | -1,66,97,604 | - |
| Total | 1,29,68,13,694 | - |

The Company had requested banks to provide support by giving additional enhanced Working Capital facilities to meet the growth capital requirements for projects/operations of the Company. A detailed discussion on this is given separately in note on banking situation. (Refer Note No. 52 & 53)

In the current financial year, the Company could not fully service its projects due to non-availability of growth capital and resultantly the Company could not meet the funding requirements for projects by providing material and payment for services therefore the scheduled project execution timelines could not be met and the project execution was delayed substantially.

In view of this situation few projects under execution were terminated by the customer and consequently the Bank Guarantees for these projects were invoked. Since this is not a normal business situation therefore these have been classified as exceptional items and presentation for the same has been shown separately in the financial statements.

Technofab Engineering Limited

Significant Accounting Policies and Notes to Standalone Financial Statements

1. Corporate and General Information

- a) Technofab Engineering Limited (the Company) is domiciled and incorporated in India on 20th July, 1971. The registered office of the company is situated at 913, Hemkunt Chambers, 89, Nehru Place, New Delhi - 110 019, India.

The Company is engaged in the business of engineering, procurement and construction (EPC) contracts for electricity, water infrastructure, oil handling systems etc. on a turnkey, supply or erection basis.

The equity shares of the company are listed at National Stock Exchange and Bombay Stock Exchange.

The company is a going concern as the business of the company is predicted to be in operation and expected to be able to operate for the following 12 months with no threat of liquidation or closure.

Further the Company has the resources and requisite technical qualification for executing the existing Business and with its inherent strength to continue its operations for the foreseeable future. Under these circumstances, assets and liabilities are recorded in the financial statements assuming that the entity will be able to realise its assets and discharge its liabilities in the normal course of business.

Further the net worth of the Company is positive on the reporting date. The Company is having substantial orders in hand for project execution and the Management does not have an intention to liquidate or close the operations of the Company.

The Company is currently banking with the consortium of six Banks for documented working capital fund based and non-fund based limits of Rs. 915 Crores. The Company had submitted its request for enhancements of Working Capital limits to Rs. 1075 Crores.

The Lead Bank had made an assessment of the Working Capital limits at an enhanced amount of Rs. 1075 Crores, however due to circumstance beyond the control of the Company, financial closure for the enhanced limits could not be achieved and resultantly the Company could not fully service its existing order back log as new limits were not made available.

As a result of this, the Company could not achieve the requisite project progress commensurate with its targets / plans and therefore some projects were terminated and Performance Guarantees were invoked. Since the overdrawn position in the bank accounts remained beyond the stipulated guidelines therefore the bank accounts of the Company were classified as Non-Performing Asset (NPA).

In view of this, as per the applicable guidelines issued by the Reserve Bank of India, the Company has submitted its Restructuring Proposal which is under due consideration by the Consortium Member Banks.

2. Basis of preparation

The financial statements have been prepared complying in all material respects with the Indian Accounting Standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rule 2015 (as amended). The financial statements comply with IND AS notified by Ministry of Company Affairs ("MCA"). The Company has consistently applied the accounting policies used in the preparation for all periods presented.

Technofab Engineering Limited

Significant Accounting Policies and Notes to Standalone Financial Statements

The significant accounting policies used in preparing the financial statements are set out in Note No.3 of the Notes to the Financial Statements.

The preparation of the financial statements requires management to make estimates and assumptions. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Note No. 4 on critical accounting estimates, assumptions and judgements).

3. Significant Accounting Policies

3.1 Basis of Measurement

The financial statements have been prepared on an accrual basis and under the historical cost convention except the following which have been measured at fair value:

- Financial assets and liabilities, (carried at amortised cost),
- Defined benefit plans – plan assets measured at fair value,

3.2 Property, Plant and equipment

- a) Property, Plant and Equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.
- b) Depreciation is provided on Straight Line Method over the remaining useful life of the assets in the manner prescribed in Schedule II of the Companies Act, 2013.
- c) The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

3.3 Intangible Assets

Identifiable intangible assets are recognised a) when the Company controls the asset, b) it is probable that future economic benefits attributed to the asset will flow to the Company and c) the cost of the asset can be reliably measured.

Computer software's are capitalised at the amounts paid to acquire the respective license for use and are amortised over the period of license, generally not exceeding four years on straight line basis. The assets' useful lives are reviewed at each financial year end.

3.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

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Significant Accounting Policies and Notes to Standalone Financial Statements

For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash and short term deposits, as defined above, net of outstanding bank overdraft as they are considered an integral part of the Company's cash management.

3.5 Inventories

Inventories are valued at the lower of cost and net realizable value. 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. The cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their respective present location and condition.

3.6 Employee benefits

- a) Short term employee benefits are recognized as an expense in the Statement of Profit and Loss of the year in which the related services are rendered.
- b) Leave encashment being a short term benefit is accounted for using the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience, adjustments and changes in actuarial assumptions are charged or credited to profit and loss in the period in which they arise.
- c) Contribution to Provident Fund, a defined contribution plan, is made in accordance with the statute, and is recognised as an expense in the year in which employees have rendered services.
- d) The cost of providing gratuity, a defined benefit plan, is determined using the Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience, adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Other costs are accounted in Statement of Profit and loss.

3.7 Foreign currency reinstatement and translation

- a. Functional and presentation currency

These financial statements have been presented in Indian Rupees (Rupees), which is the Company's functional and presentation currency.

- b. Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at rates prevailing at the date of the transaction. Subsequently monetary items are translated at closing exchange rates of balance sheet date and the resulting exchange difference recognised in profit or loss. Differences arising on settlement of monetary items are also recognised in profit or loss.

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 transaction. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. Exchange component of the gain or loss arising on fair valuation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to such exchange difference.

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Significant Accounting Policies and Notes to Standalone Financial Statements

3.8 Financial instruments – initial recognition, subsequent measurement and impairment

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

Financial Assets are measured at amortised cost or fair value through Other Comprehensive Income or fair value through Profit or Loss, depending on its business model for managing those financial assets and the assets contractual cash flow characteristics.

Subsequent measurements of financial assets are dependent on initial categorisation. For impairment purposes significant financial assets are tested on an individual basis, other financial assets are assessed collectively in groups that share similar credit risk characteristics.

i. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For some trade receivables the Company may obtain security in the form of guarantee, security deposit or letter of credit which can be called upon if the counterparty is in default under the terms of the agreement.

A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The estimated impairment losses are recognised in a separate provision for impairment and the impairment losses are recognised in the Statement of Profit and Loss within other expenses.

Subsequent changes in assessment of impairment are recognised in provision for impairment and the change in impairment losses are recognised in the Statement of Profit and Loss within other expenses.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the Statement of Profit and Loss within other expenses.

ii. Investment in equity shares

Investment in equity securities are initially measured at fair value. Any subsequent fair value gain or loss is recognized through Profit or Loss if such investments in equity securities are held for trading purposes. In the case of long term investments, the gain/(loss) are recognized through Other Comprehensive Income. The fair value gains or losses of all other equity securities are recognized in Other Comprehensive Income.

B. Financial Liabilities

At initial recognition, all financial liabilities other than fair valued through profit and loss are recognised initially at fair value less transaction costs that are attributable to the issue of financial liability. Transaction costs of financial liability carried at fair value through profit or loss is expensed in profit or loss.

Financial liabilities are classified in two categories; subsequent measurement of financial assets is dependent on initial categorisation. These categories and their classification are as below:

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Significant Accounting Policies and Notes to Standalone Financial Statements

i. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial measurement recognition at fair value through profit or loss. Financial liabilities at fair value through profit or loss are at each reporting date at fair value with all the changes recognized in the Statement of Profit and Loss.

ii. Financial liabilities measured at amortized cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method ("EIR") except for those designated in an effective hedging relationship. The carrying value of borrowings that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in fair values attributable to the risks that are hedged in effective hedging relationship.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit and Loss.

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

iii. Trade and other payables

A payable is classified as 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

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Significant Accounting Policies and Notes to Standalone Financial Statements

3.9 Equity share capital

Incremental costs net of taxes directly attributable to the issue of new equity shares are reduced from retained earnings, net of taxes.

3.10 Borrowing costs

Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized (net of income on temporarily deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing cost incurred during that period.

All other borrowing costs are expensed in the period in which they occur.

3.11 Taxation

Income tax expense represents the sum of current and deferred tax (including MAT). Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in such cases the tax is also recognised directly in equity or in other comprehensive income. Any subsequent change in direct tax on items initially recognised in equity or other comprehensive income is also recognised in equity or other comprehensive income, such change could be for change in tax rate.

Current tax provision is computed for Income calculated after considering allowances and exemptions under the provisions of the applicable Income Tax Laws. Current tax assets and current tax liabilities are off set, and presented as net.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance sheet and the corresponding tax bases used in the computation of taxable profit and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised. Deferred tax assets and liabilities are measured at the applicable tax rates. Deferred tax assets and deferred tax liabilities are off set, and presented as net.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

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Significant Accounting Policies and Notes to Standalone Financial Statements

3.12 Revenue recognition and other operating income

Revenue from construction contracts

Revenue from construction services are recognised on percentage completion method on invoicing of services and transfer of goods. Percentage of completion is determined as a proportion of cost incurred to date to the total estimated contract cost. Estimated loss on project activity to be undertaken in future years is provided for.

Other Income

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Export Benefits

Export benefits i.e. duty drawback is accounted for only when the right to receive the same is established.

Dividend

Dividend income is recognised when the right to receive dividend is established.

3.13 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year.

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

3.14 Provisions and contingencies

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

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Significant Accounting Policies and Notes to Standalone Financial Statements

Gratuity and leave encashment provision

Refer Note no 3.6 for provision relating to gratuity and leave encashment.

Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

3.15 Exceptional items

Exceptional items refer to items of income or expense within the Statement of Profit and Loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

3.16 Investment in Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over entity.

Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns.

Investments in subsidiaries are carried at cost.

3.17 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

The Company has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by MCA.

An asset is classified as current when it is:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
- b) Held primarily for the purpose of trading,
- c) Expected to be realised within twelve months after the reporting period, or
- d) 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.

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Significant Accounting Policies and Notes to Standalone Financial Statements

A liability is classified as current when:

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

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

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

3.18 Dividend and dividend distribution tax

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividend are approved by the shareholders. Any interim dividend paid is recognised on approval by board of directors. Dividend payable and corresponding tax on dividend distribution is recognised directly in equity.

3.19 Leases

Lease The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight line basis over the lease

3.20 COVID-19 Policy

COVID-19 has impacted the normal business operation by way of supply chain disruption, unavailability of personnel, closure/lock down etc. during the lock down period. Based on its review and current economic condition, there is no impact on the accounting policies of the company on account of COVID-19, the pandemic. The going concern status is intact.

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Significant Accounting Policies and Notes to Standalone Financial Statements

4. Critical accounting estimates, assumptions and judgements

In the process of applying the Company's accounting policies, management has made the following estimates, assumptions and judgements, which have significant effect on the amounts recognised in the financial statement:

(a) Income taxes

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the financial statements.

(b) Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

(c) Allowance for uncollected accounts receivable and advances

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible.

(d) Insurance claims

Insurance claims are recognised when the Company have reasonable certainty of recovery. Subsequently any change in recoverability is provided for.

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Significant Accounting Policies and Notes to Standalone Financial Statements

41. Financial risk management

Financial risk factors

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to manage finances for the Company's operations. The Company has loan and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Company's activities expose it to a variety of financial risks:

i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and investments. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This is based on the financial assets and financial liabilities held as of March 31, 2020 and March 31, 2019.

ii) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

iii) Liquidity risk.

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Market Risk

The sensitivity analysis excludes the impact of movements in market variables on the carrying value of post-employment benefit obligations provisions and on the non-financial assets and liabilities. The sensitivity of the relevant Statement of Profit and Loss item is the effect of the assumed changes in the respective market risks. The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The foreign exchange risk is covered under a natural hedge. The company is not exposed to interest rate risk as most borrowings is at fixed rate.

a) Foreign exchange risk and sensitivity

The Company transacts business in Indian Rupee and in foreign currency. The Company has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. The following table demonstrates the sensitivity in the USD, EURO, TZS and others to the Indian Rupee with all other variables held constant. The impact on the Company's profit before tax and other comprehensive income due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives hedging contracts is given below:

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| Particulars | Net Receivables / (Payables) | Change in currency Exchange Rate | Effect on profit /(Loss) before tax (In Rs.) |
|--|---------------------------------|---|--|
| For the year ended March 31, 2020 | | | |
| USD | 38,45,159 | + 5% | 1,45,28,286 |
| | | -5% | (1,45,28,286) |
| EURO | 14,83,808 | + 5% | 61,63,737 |
| | | -5% | (61,63,737) |
| Others (INR Equivalent) | (4,13,96,114) | + 5% | (20,69,806) |
| | | -5% | 20,69,806 |
| For the year ended March 31, 2019 | | | |
| USD | 48,81,185 | + 5% | 1,69,08,742 |
| | | -5% | (1,69,08,742) |
| EURO | 25,05,363 | + 5% | 97,38,183 |
| | | -5% | (97,38,183) |
| TZS | 1,47,05,06,752 | + 5% | 22,03,628 |
| | | -5% | (22,03,628) |
| Others (INR Equivalent) | (7,43,36,272) | + 5% | (37,16,814) |
| | | -5% | 37,16,814 |

The assumed movement in exchange rate sensitivity analysis is based on the currently observable market environment.

Summary of exchange difference accounted in Statement of Profit and Loss:

Amount in Rs.

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|---|---|
| Currency fluctuations | | |
| Net foreign exchange gain/(losses) shown as operating expenses | 2,79,41,686 | 2,15,15,114 |
| Total | 2,79,41,686 | 2,15,15,114 |

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Significant Accounting Policies and Notes to Standalone Financial Statements

The details of balances with foreign banks are as follows

| NAME OF BANKS | Currency | As on 31.03.2020 | | As on 31.03.2019 | |
|--|----------|---------------------|---------------------------------|---------------------|---------------------------------|
| | | Outstanding Balance | Maximum balance during the year | Outstanding Balance | Maximum balance during the year |
| EQUITY BANK ISIOLO (KENYA) | KSH | - | 423 | 423 | 423 |
| CRDB BANK (BUKOKA) | TZS | - | - | - | 4,572 |
| CRDB BANK (SUMBAWANGA) | TZS | - | 702 | 702 | 4,12,202 |
| CRDB BANK (BUKOKA) | USD | - | - | - | 7,556 |
| CRDB BANK (SUMBAWANGA) | USD | - | 3,848 | 3,848 | 3,77,015 |
| ECO BANK (ZIMBABWE) | USD | 1,055 | 2,40,815 | 3,061 | 29,29,627 |
| ECO BANK (ZIMBABWE) FCA | USD | 18,140 | 26,64,325 | 62,613 | 10,84,473 |
| BANK OF ABYSSINIA (ETHIOPIA) | ETB | 91,501 | 15,90,290 | 15,90,290 | 17,80,665 |
| PRUDENTIAL BANK LTD (GHANA) | GHS | 4,332 | 5,92,677 | 5,92,677 | 42,41,734 |
| INTERNATIONAL BANK LIBERIA LTD (LIBERIA) | USD | 3,10,935 | 8,71,686 | 37,850 | 13,72,040 |
| STANDARD BANK S.A. (MOZAMBIQUE) | MZN | 1,30,68,127 | 1,33,62,475 | 1,07,25,882 | 1,07,25,882 |
| STANDARD BANK S.A. (MOZAMBIQUE) | USD | - | - | - | 298 |
| STANBIC BANK (UGANDA) | UGX | 2,800 | 55,96,150 | 3,617 | 47,13,146 |
| BANK OF BHUTAN (BHUTAN) | BTN | 89,45,845 | 3,33,91,541 | 5,17,323 | 3,19,68,660 |
| SEYCHELLES COMMERCIAL BANK (SEYCHELLES) | SCR | 848 | 1,25,36,467 | 22,251 | 26,150 |
| SEYCHELLES COMMERCIAL BANK (SEYCHELLES) | USD | 37,682 | 37,682 | - | - |
| I & M BANK LTD. (RWANDA) | RWF | 17,759 | 71,24,729 | 4,479 | 22,41,843 |
| I & M BANK LTD. (RWANDA) | USD | 25,470 | 74,06,737 | 6,179 | 6,451 |

The balance appearing in BANK OF ABYSSINIA (ETHIOPIA), STANDARD BANK S.A. (MOZAMBIQUE) are subject to verification of bank statements and reconciliation.

(b) Interest rate risk and sensitivity

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with floating interest rates, any changes in the interest rates environment may impact future cost of borrowing.

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Significant Accounting Policies and Notes to Standalone Financial Statements

With all other variables held constant, the following table demonstrates the impact of borrowing cost on floating rate portion of loans and borrowings.

| (Amount in Rs.) | | |
|--|--------------------------------------|--|
| Interest rate sensitivity | Increase/Decrease in basis points | Effect on profit/(loss) before tax |
| For the year ended March 31, 2020 | | |
| INR borrowings | +50 | -1,44,27,893 |
| | -50 | 1,44,27,893 |
| USD borrowings | +25 | -47,803 |
| | -25 | 47,803 |
| For the year ended March 31, 2019 | | |
| INR borrowings | +50 | -61,30,356 |
| | -50 | 61,30,356 |
| USD borrowings | +25 | -53,391 |
| | -25 | 53,391 |

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Commodity price risk and sensitivity

The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations. The Company enter into contracts for procurement of material, most of the transactions are short term fixed price contract and a very few transactions are long term fixed price contracts.

Credit risk

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, mutual funds and financial institutions and other financial instruments.

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Significant Accounting Policies and Notes to Standalone Financial Statements

Trade Receivables

The Company extends credit to customers in normal course of business. Outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are mainly Government. The Company has also taken advances and security deposits from its customers to mitigate the credit risk to an extent.

The ageing of trade receivable is as below:

Amount in Rs.

| Particulars | Past due | | | Total |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | upto 6 months | 6 to 12 months | Above 12 months | |
| As at March 31, 2020 | | | | |
| Trade receivable | | | | |
| Unsecured, Considered Good | 12,89,88,210 | 24,54,27,438 | 2,94,42,05,662 | 3,31,86,21,310 |
| Gross Total | 12,89,88,210 | 24,54,27,438 | 2,94,42,05,662 | 3,31,86,21,310 |
| Provision for doubtful | - | - | - | - |
| Net Total | 12,89,88,210 | 24,54,27,438 | 2,94,42,05,662 | 3,31,86,21,310 |
| As at March 31, 2019 | | | | |
| Trade receivable | | | | |
| Unsecured, Considered Good | 1,01,08,27,417 | 1,32,60,59,891 | 1,65,53,82,222 | 3,99,22,69,530 |
| Gross Total | 1,01,08,27,417 | 1,32,60,59,891 | 1,65,53,82,222 | 3,99,22,69,530 |
| Provision for doubtful | - | - | - | - |
| Net Total | 1,01,08,27,417 | 1,32,60,59,891 | 1,65,53,82,222 | 3,99,22,69,530 |

Financial instruments and cash deposits

The Company considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which balances and deposits are maintained. Generally, the balances are maintained with the institutions with which the Company has also availed borrowings. The Company does not maintain significant cash and deposit balances other than those required for its day to day operations.

Liquidity risk

The Company's objective is to maintain at all times optimum levels of liquidity to meet its cash and collateral requirements. In case of temporary short fall in liquidity to repay the bank borrowing/operational short fall, the company uses mix of capital infusion and borrowing from its subsidiary companies. However, the company envisage that such short fall is temporary and the company would generate sufficient cash flows as per approved projections.

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Significant Accounting Policies and Notes to Standalone Financial Statements

The table below provides undiscounted cash flows towards non-derivative financial liabilities into relevant maturity based on the remaining period at the balance sheet to the contractual maturity date.

(Amount in Rs.)

| Particulars | Carrying Amount | On demand | Ageing as on 31st March 2020 | | | Total |
|-----------------------------|-----------------------|-----------------|------------------------------|-----------------------|-----------|-----------------------|
| | | | < 6 months | 6-12 months | > 1 years | |
| Interest bearing borrowings | 3,03,43,87,151 | - | 1,02,37,634 | 3,02,41,49,517 | - | 3,03,43,87,151 |
| Trade payable | 84,07,64,915 | - | 84,07,64,915 | - | - | 84,07,64,915 |
| Other liabilities | 3,30,742 | 3,30,742 | - | - | - | 3,30,742 |
| Total | 3,87,54,82,808 | 3,30,742 | 85,10,02,549 | 3,02,41,49,517 | - | 3,87,54,82,808 |

| Particulars | Carrying Amount | On demand | Ageing as on 31st March 2019 | | | Total |
|-----------------------------|-----------------------|-----------------|------------------------------|-----------------------|---------------------|-----------------------|
| | | | < 6 months | 6-12 months | > 1 years | |
| Interest bearing borrowings | 1,37,78,91,859 | - | 1,04,93,196 | 1,23,65,64,332 | 13,08,34,331 | 1,37,78,91,859 |
| Trade payable | 1,39,41,40,619 | - | 1,39,41,40,619 | - | - | 1,39,41,40,619 |
| Other liabilities | 7,60,354 | 3,53,490 | - | - | 4,06,864 | 7,60,354 |
| Total | 2,77,27,92,832 | 3,53,490 | 1,40,46,33,815 | 1,23,65,64,332 | 13,12,41,195 | 2,77,27,92,832 |

Interest rate & currency of borrowings

The below table demonstrate the borrowing of fixed and floating rate of interest

Amount in Rs.

| Particulars | Total borrowings | Floating rate borrowings | Fixed rate borrowings | Weighted Average Rate of Borrowing (%) |
|-----------------------------------|-----------------------|--------------------------|-----------------------|--|
| INR | 3,01,55,96,657 | 2,88,55,78,680 | 13,00,17,977 | 11.17 |
| USD (INR Equivalent) | 1,91,21,235 | 1,91,21,235 | - | 4.65 |
| Total as at March 31, 2020 | 3,03,47,17,893 | 2,90,46,99,915 | 13,00,17,977 | |
| INR | 1,35,65,35,430 | 1,22,60,71,136 | 13,04,64,294 | 11.17 |
| USD (INR Equivalent) | 2,13,56,429 | 2,13,56,429 | - | 6.16 |
| Total as at March 31, 2019 | 1,37,78,91,859 | 1,24,74,27,565 | 13,04,64,294 | |

Competition and price risk

The Company faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

Technofab Engineering Limited

Significant Accounting Policies and Notes to Standalone Financial Statements

Capital risk management

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The primary objective of the Company's capital management is to maximize the shareholder value. The Company's primary objective when managing capital is to ensure that it maintains an efficient capital structure and healthy capital ratios and safeguard the Company's ability to continue as a going concern in order to support its business and provide maximum returns for shareholders. The Company also proposes to maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves. Net debt includes, interest bearing loans and borrowings, trade and other payables less cash and short term deposits.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital. Net debt is calculated as loans and borrowings less cash and cash equivalents.

The Gearing ratio for FY 2019-20 and FY 2018-19 is as under:

(Amount in Rs.)

| Particulars | As of March 31, 2020 | As of March 31, 2019 |
|---------------------------------|----------------------|----------------------|
| Loans and borrowings | 3,03,47,17,893 | 1,37,78,91,859 |
| Less: Cash and cash equivalents | 4,30,63,170 | 2,07,58,804 |
| Net debt | 2,99,16,54,723 | 1,35,71,33,055 |
| Equity | 5,67,64,742 | 2,46,33,70,755 |
| Total capital | 3,04,84,19,465 | 3,82,05,03,810 |
| Gearing ratio | 98.14% | 35.52% |

The Company Plan to reduce its gearing ratio.

Technofab Engineering Limited

Significant Accounting Policies and Notes to Standalone Financial Statements

42. Fair value of financial assets and liabilities

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are recognised in the financial statements.

(Amount in Rs.)

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | Carrying amount | Fair Value | Carrying amount | Fair Value |
| Financial assets designated at amortised cost | | | | |
| Fixed deposits with banks | 4,41,68,578 | 4,41,68,578 | 50,98,79,944 | 50,98,79,944 |
| Cash and bank balances | 4,30,63,170 | 4,30,63,170 | 2,07,58,804 | 2,07,58,804 |
| Investment | 1,44,445 | 1,44,445 | 13,13,568 | 13,13,568 |
| Trade and other receivables | 3,31,86,21,310 | 3,31,86,21,310 | 3,99,22,69,530 | 3,99,22,69,530 |
| Other financial assets | 27,52,126 | 27,52,126 | 28,02,69,725 | 28,02,69,725 |
| | 3,40,87,49,629 | 3,40,87,49,629 | 4,80,44,91,571 | 4,80,44,91,571 |
| Financial liabilities designated at amortised cost | | | | |
| Borrowings- fixed rate | 13,00,17,977 | 13,00,17,977 | 13,04,64,294 | 13,04,64,294 |
| Borrowings- floating rate | 2,90,46,99,915 | 2,90,46,99,915 | 1,24,74,27,565 | 1,24,74,27,565 |
| Trade & other payables | 84,07,64,915 | 84,07,64,915 | 1,39,41,40,619 | 1,39,41,40,619 |
| Other financial liabilities | 3,30,742 | 3,30,742 | 7,60,354 | 7,60,354 |
| | 3,87,58,13,550 | 3,87,58,13,550 | 2,77,27,92,832 | 2,77,27,92,832 |

Fair Valuation techniques

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

- 1) Fair value of cash and deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- 2) Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. Fair value of variable interest rate borrowings is not material different from carrying values. For fixed interest rate borrowing fair value is determined by using the discounted cash flow (DCF) method using discount rate that reflects the issuer's borrowings rate. Risk of non-performance for the company is considered to be insignificant in valuation.
- 3) The fair value of fixed interest bearing loans, borrowings and deposits is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Technofab Engineering Limited

Significant Accounting Policies and Notes to Standalone Financial Statements

Fair Value hierarchy

The following table provides the fair value measurement hierarchy of Company's asset and liabilities, grouped into Level 1 to Level 3 as described below:

- Quoted prices / published NAV (unadjusted) in active markets for identical assets or liabilities (level 1). It includes fair value of financial instruments traded in active markets and are based on quoted market prices at the balance sheet date and financial instruments like mutual funds for which net assets value(NAV) is published mutual fund operators at the balance sheet date.
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2). It includes fair value of the financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on the company specific estimates. If all significant inputs required to fair value an instrument are observable then instrument is included in level 2.
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Fair value hierarchy

The following table provides the fair value measurement hierarchy of Company's asset and liabilities, grouped into Level 1 to Level 3 as described below:

Assets measured at fair value through profit and loss account (accounted)

(Amount in Rs.)

| Particulars | As at March 31, 2020 | | |
|-------------------------|----------------------|---------|---------|
| | Level 1 | Level 2 | Level 3 |
| Financial assets | | | |
| Current Investment | | | |
| - In Mutual Funds | - | - | - |

| Particulars | As at March 31, 2019 | | |
|-------------------------|----------------------|---------|---------|
| | Level 1 | Level 2 | Level 3 |
| Financial assets | | | |
| Current Investment | | | |
| - In Mutual Funds | 10,52,413 | - | - |

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Significant Accounting Policies and Notes to Standalone Financial Statements

Assets measured at fair value through other comprehensive income (accounted)

(Amount in Rs.)

| Particulars | As at March 31, 2020 | | |
|-------------------------|----------------------|---------|---------|
| | Level 1 | Level 2 | Level 3 |
| Financial assets | | | |
| Non Current Investments | | | |
| - In Quoted Investments | 1,44,445 | - | - |

| Particulars | As at March 31, 2019 | | |
|-------------------------|----------------------|---------|---------|
| | Level 1 | Level 2 | Level 3 |
| Financial assets | | | |
| Non Current Investments | | | |
| - In Quoted Investments | 2,61,155 | - | - |

Assets / Liabilities for which fair value is disclosed

(Amount in Rs.)

| Particulars | As at March 31, 2019 | | |
|------------------------------|----------------------|--------------|---------|
| | Level 1 | Level 2 | Level 3 |
| Financial liabilities | | | |
| Borrowings- fixed rate | | 13,00,17,977 | |
| Other financial liabilities | | 3,30,742 | |

| Particulars | As at March 31, 2019 | | |
|------------------------------|----------------------|--------------|---------|
| | Level 1 | Level 2 | Level 3 |
| Financial liabilities | | | |
| Borrowings- fixed rate | | 13,04,64,294 | |
| Other financial liabilities | | 7,60,354 | |

During the year ended March 31, 2020 and March 31, 2019, there were no transfers between Level 1 and Level 2 fair value measurements and no transfer into and out of Level 3 fair value measurements. There is no transaction/balance under level 3.

Following table describes the valuation techniques used and key inputs to valuation for level 1 of the fair value hierarchy as of March 31, 2020 and March 31, 2019, respectively:

a) Assets measured at fair value

| Particulars | Fair value hierarchy | Valuation technique | Inputs used |
|-------------------------|----------------------|--------------------------------------|-------------|
| Financial assets | | | |
| Current Investment | Level 1 | As per NAV of Mutual Fund | --- |
| Quoted Investments | Level 1 | As per Market Price of Equity Shares | --- |

Technofab Engineering Limited

Significant Accounting Policies and Notes to Standalone Financial Statements

43. Segment information

Information about primary segment

The Company is engaged primarily into one primary business segment of engineering procurement contracts for electricity, water infrastructure, oil handling systems etc.

44. Income tax expense

| Particulars | (Amount in Rs.) | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
| Current tax | - | - |
| Deferred tax liability/(Asset) | - | - |
| - Relating to origination and reversal of temporary differences | 12,45,49,876 | (14,91,68,957) |
| Tax expense attributable to current year's profit | 12,45,49,876 | (14,91,68,957) |
| Tax related to earlier years | 2,13,95,147 | (9,50,356) |
| Total Tax expense | 14,59,45,023 | (15,01,19,313) |

In view of current year losses, no provision for current tax is required to be made.

45. Deferred income tax

As a matter of prudence, Deferred Tax Assets has not been recognized on losses and other timing differences further there is no reasonable certainty to set off the same within the period allowable under tax laws.

46. Retirement benefit obligations

a. Expense recognised for Defined Contribution plan

| Particulars | (Amount in Rs.) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Company's contribution to provident fund | 90,99,455 | 1,20,35,955 |
| Company's contribution to ESI | 2,19,184 | 4,82,711 |
| Total | 93,18,639 | 1,25,18,666 |

Below tables sets forth the changes in the projected benefit obligation and plan assets and amounts recognized in the Balance Sheet as of March 31, 2020 and March 31, 2019, being the respective measurement dates:

Technofab Engineering Limited

Significant Accounting Policies and Notes to Standalone Financial Statements

b. Movement in defined benefit obligation

Amount in Rs.

| Particulars | Gratuity (funded) | leave encashment (unfunded) |
|---|----------------------|--------------------------------|
| Present value of obligation - April 1, 2018 | 1,75,44,908 | 38,67,510 |
| Current service cost | 23,91,393 | 7,63,444 |
| Interest cost | 12,17,617 | 2,68,405 |
| Benefits paid | (14,44,084) | (11,28,862) |
| Re-measurements - actuarial loss/ (gain) | (15,12,623) | 3,42,645 |
| Present value of obligation - March 31, 2019 | 1,81,97,211 | 41,13,142 |
| Present value of obligation - April 1, 2019 | 1,81,97,211 | 41,13,142 |
| Current service cost | 19,24,917 | 7,83,347 |
| Interest cost | 10,44,520 | 2,36,094 |
| Benefits paid | (56,25,482) | (30,35,277) |
| Re-measurements - actuarial loss/ (gain) | 9,15,382 | 33,24,541 |
| Present value of obligation - March 31, 2020 | 1,64,56,548 | 54,21,847 |

c. Movement in Plan Assets - Gratuity

Amount in Rs.

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Fair value of plan assets at beginning of year | 74,38,695 | 76,69,515 |
| Expected return on plan assets | 5,13,078 | 5,49,137 |
| Employer contributions | - | 6,04,468 |
| | | - |
| Benefits paid | (56,25,482) | (14,44,084) |
| Actuarial gain / (loss) | (1,74,159) | 59,658 |
| Fair value of plan assets at end of year | 21,52,131 | 74,38,694 |
| Present value of obligation | 1,64,56,548 | 1,81,97,211 |
| Net funded status of plan | (1,43,04,417) | (1,07,58,517) |

The components of the gratuity & leave encashment cost are as follows:

d. Recognised in profit and loss

(Amount in Rs.)

| Particulars | Gratuity | Leave encashment |
|--|------------------|------------------|
| Current Service cost | 23,91,393 | 7,63,444 |
| Interest cost | 12,17,617 | 2,68,405 |
| Expected return on plan assets | (5,49,137) | - |
| Re-measurement - Actuarial loss/(gain) | - | 3,42,645 |
| For the year ended March 31, 2019 | 30,59,873 | 13,74,494 |
| Current Service cost | 19,24,917 | 7,83,347 |
| Interest cost | 10,44,520 | 2,36,094 |
| Expected return on plan assets | (5,40,793) | - |
| Re-measurement - Actuarial loss/(gain) | - | 33,24,541 |
| For the year ended March 31, 2020 | 24,28,644 | 43,43,982 |

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Significant Accounting Policies and Notes to Standalone Financial Statements

e. Recognised in other comprehensive income

Amount in Rs.

| Particulars | Gratuity |
|---|-------------|
| Re-measurement - Actuarial gain/(loss) For the year ended March 31, 2019 | 15,72,281 |
| Re-measurement - Actuarial gain/(loss) For the year ended March 31, 2020 | (10,89,541) |

f. The principal actuarial assumptions used for estimating the Company's defined benefit obligations are set out below:

| Weighted average actuarial assumptions | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Attrition rate | 20.00% | 20.00% |
| Discount Rate | 5.74% | 6.94% |
| Expected Rate of increase in salary | 6.00% | 6.00% |
| Expected Rate of Return on Plan Assets | 8.00% | 8.00% |
| Mortality rate | IALM 2012-2014 | IALM 2006-2008 |
| Expected Average remaining working lives of employees (years) | 18.85 | 21.67 |

The assumption of future salary increase takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in employment market. Same assumptions were considered for comparative period i.e. 2016-17 as considered in previous GAAP on transition to IND AS.

g. Sensitivity analysis:

For the year ended March 31, 2019

| Particulars | change in Assumption | Effect on Gratuity obligation | Effect on leave encashment obligation |
|--------------------|----------------------|-------------------------------|---------------------------------------|
| Discount rate | +1% | (7,02,367) | (1,61,600) |
| | -1% | 7,55,285 | 1,73,757 |
| Salary Growth rate | +1% | 7,54,831 | 1,73,655 |
| | -1% | (7,14,880) | (1,64,468) |

For the year ended March 31, 2020

| Particulars | change in Assumption | Effect on Gratuity obligation | Effect on leave encashment obligation |
|--------------------|----------------------|-------------------------------|---------------------------------------|
| Discount rate | +1% | (6,21,113) | (2,29,119) |
| | -1% | 6,08,381 | 2,46,643 |
| Salary Growth rate | +1% | 6,00,957 | 2,46,634 |
| | -1% | (6,25,584) | (2,30,679) |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the Balance Sheet.

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Significant Accounting Policies and Notes to Standalone Financial Statements

h. History of experience adjustments is as follows:

Estimate of expected benefit payments (In absolute terms i.e. undiscounted)

Amount in Rs.

| Particulars | Gratuity |
|---------------------|-------------|
| Year – 2021 | 36,04,526 |
| Year – 2022 | 57,70,458 |
| Year – 2023 | 43,61,920 |
| Year – 2024 | 57,24,841 |
| Year – 2025 | 51,82,322 |
| Year - 2026 to 2030 | 2,14,32,943 |

i. Statement of Employee benefit provision

Amount in Rs.

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|------------------|------------------------------|------------------------------|
| Gratuity | 1,64,56,548 | 1,07,58,517 |
| Leave encashment | 54,21,847 | 41,13,142 |
| Total | 2,18,78,395 | 1,48,71,659 |

The following table sets out the funded status of the plan and the amounts recognised in the Company's balance sheet.

j. Current and non-current provision for Gratuity and leave encashment

For the year ended March 31, 2019

Amount in Rs.

| Particulars | Gratuity | Leave Encashment |
|------------------------|--------------------|---------------------|
| Current provision | 51,25,567 | 10,75,531 |
| Non- current provision | 56,32,950 | 30,37,611 |
| Total Provision | 1,07,58,517 | 41,13,142 |

For the year ended March 31, 2020

(Amount in Rs.)

| Particulars | Gratuity | Leave Encashment |
|------------------------|--------------------|---------------------|
| Current provision | 35,67,306 | 12,15,574 |
| Non- current provision | 1,28,89,242 | 42,06,273 |
| Total Provision | 1,64,56,548 | 54,21,847 |

k. Employee benefit expenses

Amount in Rs.

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---------------------------------|------------------------------|------------------------------|
| Salaries and Wages | 29,46,93,590 | 40,84,14,223 |
| Costs-defined contribution plan | 2,31,77,503 | 3,43,45,756 |
| Welfare expenses | 56,65,363 | 1,33,63,456 |
| Total | 32,35,36,457 | 45,61,23,435 |

Figures in no.

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--------------------------------|------------------------------|------------------------------|
| Average no. of people employed | 203 | 418 |

Technofab Engineering Limited

Significant Accounting Policies and Notes to Standalone Financial Statements

OCI presentation of defined benefit plan

Gratuity is in the nature of defined benefit plan, Re-measurement gains/(losses) on defined benefit plans is shown under OCI as Items that will not be reclassified to profit or loss and also the income tax effect on the same.

Leave encashment cost is in the nature of short term employee benefits.

Presentation in Statement of Profit & Loss and Balance Sheet

Expense for service cost, net interest on net defined benefit liability (asset) is charged to Statement of Profit & Loss.

IND AS 19 do not require segregation of provision in current and non-current, however net defined liability and Assets is shown as current and non-current provision in balance sheet as per IND AS 1.

Actuarial liability for short term benefits (leave encashment cost) is shown as current and non-current provision in balance sheet.

When there is surplus in defined benefit plan, company is required to measure the net defined benefit asset at the lower of the surplus in the defined benefit plan and the assets ceiling, determined using the discount rate specified, i.e. market yield at the end of the reporting period on government bonds, this is applicable for domestic companies, foreign company can use corporate bonds rate.

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The mortality rates used are as published by one of the leading life insurance companies in India.

47. Other disclosures

a) Auditors Remuneration*

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|------------------------------|---------------------------------|---------------------------------|
| 1. Statutory Auditors | | |
| i. Audit Fee | 47,500 | 47,500 |
| ii. Other Services | 57,500 | 73,500 |
| Total | 1,05,000 | 121,000 |

b) Details of investment made, covered U/S 186(4) of the Companies Act 2013 are given in the respective schedules to the Financial Statements (refer note 8).

c) Commitments

Performance guarantee issued by banks on behalf of the company.

Amount in Rs.

| PARTICULARS | 31 st March 2020 | 31 st March 2019 |
|----------------------------|-----------------------------|-----------------------------|
| Performance Bank Guarantee | 2,61,92,78,804 | 3,89,48,05,949 |

Technofab Engineering Limited

Significant Accounting Policies and Notes to Standalone Financial Statements

Also refer Note No. 40.

48. Contingent liabilities

a) Amount in Rs.

| PARTICULARS | 31 st March 2020 | 31 st March 2019 |
|--|-----------------------------|-----------------------------|
| Disputed demand of Income Tax and Sales Tax | 3,23,74,034 | 1,42,05,309 |
| Claim against the Company not acknowledged as debt | 44,07,89,400 | 9,36,97,193 |

b) Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)

Amount in Rs.

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-------------------------------|----------------------|----------------------|
| Property, plant and equipment | - | - |
| Total | - | - |

49. Related party transactions

In accordance with the requirements of IND AS 24, on related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported periods are:

Related party name and relationship

a. Key Management personnel

(1) Names of Related Parties

(A) Key management personnel

- (a) Avinash C. Gupta - Chairman and Whole Time Director (Upto 27.07.2019 on account of his death)
- (b) Arjun Gupta - Chairman and Managing Director (w.e.f. 14.08.2019)
- (c) Arun Mittar (Non Executive - Independent Director)
- (d) Pawan Chopra (Non Executive - Independent Director)
- (e) Anju Banerjee (Non Executive - Independent Director)

(B) Relatives of Key management personnel where persons described in "A"

- (a) Meera Gupta
- (b) Gunjan Gupta
- (c) Sucheta Sarvadaman Nakul
- (d) Techfab International Private Limited

(C) Executive Officers

- (a) Sandeep Kumar Vij (Chief Financial Officer - Upto 28.01.2020 further relived on 30.06.2020)
- (b) Suman Kumar Verma (Company Secretary)

(D) Enterprises under Common Control / enterprises where persons described in "A" is able to exercise significant influence.

- (a) Techfab Systems Private Limited
- (b) Bakool Venture Private Limited

(2) Wholly owned Subsidiary Company

- (a) Rivu Infrastructural Developers Pvt. Ltd.
- (b) Woodlands Instruments Pvt. Ltd.
- (c) Arihant Flour Mills Pvt. Ltd.

Technofab Engineering Limited

Significant Accounting Policies and Notes to Standalone Financial Statements

Related Party Transactions

| | | | | | Amount (in Rs.) | | | |
|---|----------------------|---|--------------------------|---|-----------------------|---|--------------------------|---|
| Description | Current Year 2019-20 | | | | Previous Year 2018-19 | | | |
| | Subsidiary Company | Other Related Parties of the Group where common control / substantial interest of Key Management Personnel exists | Key Management Personnel | Relatives of Key Managerial Personnel with whom transactions have taken place | Subsidiary Company | Other Related Parties of the Group where common control / substantial interest of Key Management Personnel exists | Key Management Personnel | Relatives of Key Managerial Personnel with whom transactions have taken place |
| Remuneration Paid | | | | | | | | |
| Avinash Chander Gupta | - | - | 5,095,161 | - | - | - | 15,795,000 | - |
| Arjun Gupta | - | - | 14,850,000 | - | - | - | 14,850,000 | - |
| Sandeep Kumar Vij | - | - | 5,027,373 | - | - | - | 5,053,108 | - |
| Suman Kumar Verma | - | - | 1,415,339 | - | - | - | 1,159,150 | - |
| Sitting Fees Paid | | | | | | | | |
| Pawan Chopra | - | - | 440,000 | - | - | - | 680,000 | - |
| Arun Mitter | - | - | 440,000 | - | - | - | 600,000 | - |
| Anju Banerjee | - | - | 440,000 | - | - | - | 680,000 | - |
| Dividend Paid | | | | | | | | |
| Avinash Chander Gupta | - | - | - | - | - | - | 6,626,192 | - |
| Arjun Gupta | - | - | - | - | - | - | 865,744 | - |
| Nakul Gupta | - | - | - | - | - | - | - | 942,528 |
| Meera Gupta | - | - | - | - | - | - | - | 1,028,642 |
| Gunjan Gupta | - | - | - | - | - | - | - | 23,000 |
| Sucheta Sarvadaman Nakul | - | - | - | - | - | - | - | 23,000 |
| Bakool Venture Private Limited | - | - | - | - | - | 308,056 | - | - |
| Techfab International Private Limited | - | - | - | - | - | - | - | 141,868 |
| Techfab Systems Private Limited | - | - | - | - | - | 157,022 | - | - |
| Rent Paid | | | | | | | | |
| Arihant Flour Mills Pvt. Ltd. | 29,430,000 | - | - | - | 39,240,000 | - | - | - |
| Woodlands Instruments Pvt. Ltd. | - | - | - | - | 12,000,000 | - | - | - |
| Interest Paid | | | | | | | | |
| Arihant Flour Mills Pvt. Ltd. | 13,908,772 | - | - | - | 12,354,038 | - | - | - |
| Woodlands Instruments Pvt. Ltd. | 1,448,454 | - | - | - | 1,301,711 | - | - | - |
| Material Purchased | | | | | | | | |
| Techfab International Pvt. Ltd. | - | - | - | - | - | - | - | 55,003,751 |
| Advance Given | | | | | | | | |
| Arihant Flour Mills Pvt. Ltd. | 19,923,751 | - | - | - | 27,846,329 | - | - | - |
| Woodlands Instruments Pvt. Ltd. | 3,739,837 | - | - | - | 2,690,000 | - | - | - |
| Rivu Infrastructural Developers Pvt. Ltd. | - | - | - | - | 10,000 | - | - | - |
| Advance Repayment | | | | | | | | |
| Arihant Flour Mills Pvt. Ltd. | 4,481,184 | - | - | - | 40,102,922 | - | - | - |
| Woodlands Instruments Pvt. Ltd. | 403,246 | - | - | - | 2,600,548 | - | - | - |
| Loan / Advance Received | | | | | | | | |
| Arihant Flour Mills Pvt. Ltd. | - | - | - | - | 5,000,000 | - | - | - |
| Techfab International Pvt. Ltd. | - | - | - | - | - | - | - | 5,000,000 |

Technofab Engineering Limited

Significant Accounting Policies and Notes to Standalone Financial Statements

RPT Balances

| Description | As at 31/03/2020 | | | | As at 31/03/2019 | | | |
|---|--------------------|---|--------------------------|---|--------------------|---|--------------------------|---|
| | Subsidiary Company | Other Related Parties of the Group where common control / substantial interest of Key Management Personnel exists | Key Management Personnel | Relatives of Key Managerial Personnel with whom transactions have taken place | Subsidiary Company | Other Related Parties of the Group where common control / substantial interest of Key Management Personnel exists | Key Management Personnel | Relatives of Key Managerial Personnel with whom transactions have taken place |
| Payable in respect of remuneration & commission | | | | | | | | |
| Avinash Chander Gupta | - | - | 9,042,642.00 | - | - | - | 8,009,944.00 | - |
| Arjun Gupta | - | - | 8,903,911.00 | - | - | - | 6,291,306.00 | - |
| Nakul Gupta | - | - | - | 1,357,601.00 | - | - | - | 1,357,601.00 |
| Sandeep Kumar Vij | - | - | 3,383,740.00 | - | - | - | 2,139,795.00 | - |
| Suman Kumar Verma | - | - | 850,203.00 | - | - | - | 373,839.00 | - |
| | | | | | | | | |
| Payable in respect of Rent | | | | | | | | |
| Arihant Flour Mills Pvt. Ltd. | 20,289,855.50 | - | - | - | 6,317,374.00 | - | - | - |
| Woodlands Instruments Pvt. Ltd. | - | - | - | - | 2,664,000.00 | - | - | - |
| | | | | | | | | |
| Payable in respect of Loan | | | | | | | | |
| Arihant Flour Mills Pvt. Ltd. | 126,739,427.00 | - | - | - | 111,957,152.50 | - | - | - |
| Woodlands Instruments Pvt. Ltd. | 13,169,947.50 | - | - | - | 10,086,112.00 | - | - | - |
| | | | | | | | | |
| Payable in respect Advance | | | | | | | | |
| Techfab International Pvt. Ltd. | - | - | - | 2,257,322.00 | - | - | - | 2,257,322.00 |
| | | | | | | | | |
| Receivable in respect of advance to subsidiaries & other related parties | | | | | | | | |
| Woodlands Instruments Pvt. Ltd. | 2,452,818.00 | - | - | - | - | - | - | - |
| Rivu Infrastructural Developers Pvt. Ltd. | 9,869,064.00 | - | - | - | 9,869,064.00 | - | - | - |

Remuneration to Key Managerial Personnel (KMP)

| Particulars | Amount (in Rs.) | |
|--|---------------------------|---------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Short Term Employee benefits | 2,63,87,873 | 3,68,57,258 |
| Post Employment benefits - Defined Contribution Plans | 18,07,881 | 26,50,476 |
| Total | 2,81,95,754 | 3,95,07,734 |

Technofab Engineering Limited

Significant Accounting Policies and Notes to Standalone Financial Statements

50. Earnings per share

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

| Particulars | (Number of shares) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Issued equity shares | 1,04,90,000 | 1,04,90,000 |
| Weighted average shares outstanding - Basic and Diluted - A | 1,04,90,000 | 1,04,90,000 |

| Particulars | Amount (in Rs.) | |
|--------------------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Profit and loss after tax – B | (2,40,53,99,762) | (29,15,48,556) |
| Basic Earnings per share (B/A) (₹) | (229.30) | (27.79) |
| Diluted Earnings per share (B/A) (₹) | (229.30) | (27.79) |

The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

Technofab Engineering Limited
Significant Accounting Policies and Notes to Standalone Financial Statements

51. Un-hedged Position of Foreign Currency

| Particulars | As on 31.03.2020 | | As on 31.03.2019 | |
|----------------------------------|------------------------------------|---------------------|------------------------------------|---------------------|
| | Amount (in Foreign Currency) | Amount (in Rs.) | Amount (in Foreign Currency) | Amount (in Rs.) |
| -In Respect of Receivable | | | | |
| USD | 46,90,458 | 35,35,28,898 | 60,17,572 | 41,68,97,401 |
| EURO | 15,16,776 | 12,60,13,797 | 25,26,234 | 19,63,64,146 |
| ETB - (Ethiopian Birr) | 39,821 | 91,501 | - | - |
| GHS - (Ghanian Cedi) | 3,06,720 | 40,06,406 | 3,06,388 | 39,09,512 |
| KSH - (Kenya Shilling) | 40,17,148 | 28,82,304 | 25,43,984 | 17,51,890 |
| MZN - (Mozambican Metical) | 1,16,80,485 | 1,30,68,127 | 15,30,558 | 16,66,778 |
| TZS - (Tanzanian Shilling) | 15,72,72,941 | 51,21,034 | 1,54,18,57,475 | 4,62,18,749 |
| UGX - (Ugandan Shilling) | 80,46,21,264 | 1,59,73,233 | 1,22,79,88,126 | 2,29,01,681 |
| RWF - (Rwandan Franc) | 45,92,465 | 3,70,441 | 2,88,950 | 22,521 |
| ZWD- (Zimbabwean Dollar) | 5,065 | 1,055 | - | - |
| FJD- (Fijian Dollar) | 7,303 | 2,41,424 | - | - |
| BTN - (Bhutanese Ngultrum) | 1,78,31,007 | 1,78,31,007 | 1,24,46,677 | 1,24,46,677 |
| SCR - (Seychellois Rupee) | 6,01,370 | 32,96,952 | 3,50,217 | 17,33,573 |
| TOTAL | | 54,24,26,178 | | 70,39,12,929 |
| -In Respect of Payable | | | | |
| USD | 8,45,339 | 6,29,63,180 | 8,28,125 | 5,73,72,489 |
| USD ECB | - | - | 3,08,263 | 2,13,56,429 |
| EURO | 32,968 | 27,39,052 | 20,871 | 16,22,268 |
| ETB - (Ethiopian Birr) | 64,071 | 1,47,223 | 16,322 | 39,336 |
| GHS - (Ghanian Cedi) | 3,17,277 | 41,44,435 | 3,17,277 | 40,48,458 |
| KSH - (Kenya Shilling) | 1,38,37,638 | 99,28,505 | 1,96,68,157 | 1,35,31,692 |
| MZN - (Mozambican Metical) | - | - | 7,74,839 | 8,43,799 |
| TZS - (Tanzanian Shilling) | 18,29,12,387 | 59,55,536 | 7,13,50,723 | 21,38,811 |
| UGX - (Ugandan Shilling) | 56,79,28,365 | 1,12,74,437 | 60,99,08,032 | 1,13,74,637 |
| RWF - (Rwandan Franc) | 15,38,75,415 | 1,24,12,010 | 23,13,12,186 | 1,80,29,009 |
| BTN - (Bhutanese Ngultrum) | 5,19,95,891 | 5,19,95,891 | 5,47,11,294 | 5,47,11,294 |
| SCR - (Seychellois Rupee) | 15,36,108 | 84,21,560 | 32,70,844 | 1,61,90,680 |
| TOTAL | | 16,99,81,829 | | 20,12,58,901 |

Technofab Engineering Limited

Significant Accounting Policies and Notes to Standalone Financial Statements

52. The Company was unable to complete various projects in time, performance bank guarantees of the Company were also invoked by other parties, and non-recovery of its funds due to various reasons and hence defaulted on repayment of dues to lenders, consequently the lenders have classified the loan balances of the Company as non-performing assets:

- (a) Bank of India on 07.06.2019
- (b) Bank of Baroda on 08.07.2019
- (c) State Bank of India on 27.06.2019
- (d) United Bank of India on 26.06.2019
- (e) Axis Bank on 30.06.2019
- (f) IDBI Bank on 25.09.2019

53. The Company has incurred significant losses during the year. The networth of the company has largely been eroded. The Company has delayed/defaulted in payment of loans and interest and loan accounts have been classified as non-performing assets by banks. Due to fund constraints and other reasons the company has not been able to complete projects as expected, resulting to invocation of bank guarantees/performance guarantees. Notwithstanding the above, the Standalone financial statements of the Company have been prepared on going concern basis as management believes that the Company would be able to ultimately establish profitable operations, meet its commitments and reduce debt.

54. Previous year figures have been regrouped/ rearranged, wherever considered necessary to conform to current year's classification.

55. Notes 1 to 55 are annexed and form integral part of Standalone Financial Statements

As per our report attached

**For G C Agarwal &
Associates**

Chartered Accountants

Firm Regn. No. 017851N

For and on behalf of the Board of Directors

G C Agarwal

Proprietor

M. No. 083820

Arjun Gupta

Chairman & Whole

Time Director

DIN- 00012092

PLACE : New Delhi

Dated: 11-02-2021

Suman Kumar Verma

Company Secretary

M. No. F7409

Shiam Narain Tandon

Chief Financial Officer

PAN. ACTPT4052A

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TECHNOFAB ENGINEERING LIMITED

Report on the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of **TECHNOFAB ENGINEERING LIMITED** ("the Company") and its subsidiaries hereinafter referred to as the "Group" to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at 31st March, 2020, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year ended, the consolidated Statement of Changes in Equity and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Act in the manner so required, except for the indeterminate effects of the matter referred to in Basis for Qualified Opinion section below, give a true and fair view in conformity with the Indian accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its subsidiaries as at 31st March, 2020, their consolidated loss (including Other Comprehensive Income), their consolidated cash flows and consolidated statement of Changes in Equity for the year ended on that date.

Basis of Qualified Opinion

We draw your attention to note 52 & 53 to the consolidated financial statements with regard to multiple significant uncertainties faced by the Company such as (a) Non availability of funds from banks and also declaration of loans as NPA (b) Poor recovery from debtors (c) Invocation of performance guarantees / bank guarantees (d) Litigation with debtors. The impact of the above matters, if any, on the standalone financial statements is presently not ascertainable.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 52 & 53 to the consolidated financial statements, which states that the company has significant accumulated losses at the year ended March 31, 2020 and has defaulted in repayment of loan and interest payments. Due to fund constraints and other reasons the company has not been able to complete projects as expected, resulting in invocation of bank guarantees/performance guarantees. These events or conditions, along with other matters as set forth in aforesaid note, indicate that a material uncertainty exist that may cast significant doubt on the Company's ability to continue as a going concern if the company is not able to raise funds, renegotiate/restructure liabilities.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 52 & 53 to the consolidated financial statements, which states that the company has defaulted on repayments to various banks due to invocation of various bank guarantees / performance guarantees and poor recovery and litigations with debtors.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Except for the matters described in the Basis for Qualified Opinion section and Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Information Other than the consolidated financial statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this Auditors' Report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated 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 Ind AS and other accounting principles generally accepted in India. 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 consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the respective Board of Directors of the Companies included in the Group and its subsidiaries ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group

and of its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and of its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements / financial information of three subsidiaries, whose financial statements / financial information reflect total assets of Rs. 28,21,74,660/- as at 31st March, 2020, total revenues of Rs. 4,54,81,041/-, net profit after tax of Rs. 1,86,29,159/- for the year ended 31st March, 2020 and net cash flows amounting to Rs 2,94,55,242/- for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ financial information of three subsidiaries have been audited by the other auditor whose reports have been furnished to us by the management and our opinion, on the statement, in so far as it relates to the amounts and disclosures included in respect of the three subsidiaries, and our report

in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
- b. In our opinion, proper books of account as required by law maintained by the Company, including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Company.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the group including relevant records maintained by the company for the purpose of preparation of the Consolidated Financial Statements.
- d. In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015 (as amended).
- e. On the basis of written representation received from the directors as on 31st March, 2020, taken on record by the Board of Directors, none of the directors of the Company is disqualified as on 31st March, 2020 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 A.
- 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 48 in the Consolidated Financial Statements.
 - ii. The Group did not have any long-term contracts including derivative contracts as at 31st March, 2020
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

h. With respect to the other matters to be included in the Auditor's report in accordance with the requirements of section 197(16) of the act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provision of section 197 of the Act.

For G C Agarwal & Associates
Chartered Accountants
Firm Registration No: 017851N

G. C. Agarwal
Prop.
M.No. 083820

Place: New Delhi
Date: 11.02.2021

Annexure A to Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company for the year ended 31st March, 2020, we have audited the internal financial controls over financial reporting of **TECHNOFAB ENGINEERING LIMITED** ("the Holding Company") and its subsidiary company incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

2. 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

3. 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 deemed to be prescribed under section 143(10) of the Act 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 ICAI. 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.
4. 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. 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

8. 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 31st March, 2020, 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 G C Agarwal & Associates
Chartered Accountants
Firm Registration No: 017851N

G. C. Agarwal
Prop.
M.No. 083820

Place: New Delhi
Date: 11.02.2021

TECHNOFAB ENGINEERING LIMITED

CIN NO.L74210DL1971PLC005712

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2020

| Particulars | Note no. | Amount in ₹ | |
|---|----------|------------------------------|------------------------------|
| | | As at 31-Mar-20 ₹ | As at 31-Mar-19 ₹ |
| ASSETS | | | |
| (1) Non-Current Assets | | | |
| Property, Plant and Equipment | 5 | 57,64,70,162 | 68,85,12,105 |
| Investment in Property | 6 | 54,10,077 | 55,01,788 |
| Intangible assets | 7 | 14,15,940 | 22,45,033 |
| Goodwill | | 5,65,00,960 | 5,65,00,960 |
| Financial Assets | | | |
| (i) Investments | 8 | 1,44,445 | 2,61,155 |
| (ii) Loans | 9 | 1,69,69,116 | 2,01,02,563 |
| (iii) Other Financial Assets | 10 | 19,608 | 5,99,82,305 |
| Other Non Current Assets | 11 | 40,00,380 | 2,30,60,844 |
| Deferred Tax Assets (Net) | 12 | (47,578) | 12,45,07,717 |
| | | <u>66,08,83,110</u> | <u>98,06,74,470</u> |
| (2) Current Assets | | | |
| Inventories | 13 | 11,55,91,699 | 21,80,86,778 |
| Financial Assets | | | |
| (i) Investments | 14 | - | 10,52,413 |
| (ii) Trade Receivables | 15 | 3,31,86,21,310 | 3,99,22,69,530 |
| (iii) Cash and Cash Equivalents | 16 | 4,39,47,995 | 2,14,34,188 |
| (iv) Other Bank balances other than (iii) above | 17 | 4,44,79,712 | 45,02,51,129 |
| (vi) Other Financial Assets | 18 | 1,05,15,365 | 2,62,03,952 |
| Current Tax Assets (Net) | 19 | 90,93,927 | 5,14,46,403 |
| Other Current Assets | 20 | 62,72,19,935 | 69,99,07,284 |
| | | <u>4,16,94,69,943</u> | <u>5,46,06,51,677</u> |
| Total | | <u>4,83,03,53,053</u> | <u>6,44,13,26,147</u> |
| EQUITY AND LIABILITIES | | | |
| (1) Shareholder's Funds: | | | |
| Equity Share Capital | 21 | 10,49,00,000 | 10,49,00,000 |
| Other Equity | 22 | 7,72,02,552 | 2,46,51,79,406 |
| | | <u>18,21,02,552</u> | <u>2,57,00,79,406</u> |
| (2) Non-Current Liabilities | | | |
| Financial Liabilities | | | |
| (i) Borrowings | 23 | 10,76,452 | 10,00,22,010 |
| (ii) Other Financial Liabilities | 24 | - | 4,06,864 |
| Provisions | 25 | 1,56,39,927 | 86,70,560 |
| Other non current liabilities | 26 | 40,93,66,792 | 63,54,50,844 |
| | | <u>42,60,83,171</u> | <u>74,45,50,278</u> |
| (3) Current Liabilities | | | |
| Financial Liabilities | | | |
| (i) Borrowings | 27 | 2,98,20,52,575 | 1,27,38,22,310 |
| (ii) Trade Payables | | | |
| Dues to Micro and Small Enterprises | 28 | 56,19,008 | 1,64,56,080 |
| Dues to Others | 28 | 83,51,45,907 | 1,37,76,84,539 |
| (iii) Other Financial Liabilities | 29 | 3,30,742 | 3,53,490 |
| Other Current Liabilities | 30 | 39,42,36,218 | 45,21,78,946 |
| Provisions | 31 | 47,82,880 | 62,01,098 |
| | | <u>4,22,21,67,330</u> | <u>3,12,66,96,463</u> |
| Total | | <u>4,83,03,53,053</u> | <u>6,44,13,26,147</u> |

See accompanying notes forming part of the Standalone financial statements 1 to 55
In term of our report attached

As per our report attached
For G C Agarwal & Associates
Chartered Accountants
Firm Reg. No.017851N

For and on behalf of Board of Directors

G. C. Agarwal
Proprietor
Mem. No.083820

Arjun Gupta
Chairman & Managing Director
DIN-00012092

Date : 11-02-2021
Place : New Delhi

Shiam Narain Tandon
Chief Financial Officer
PAN. AGPP4052A

Suman Kumar Verma
Company Secretary
Mem. No.F7409

TECHNOFAB ENGINEERING LIMITED

CIN NO.L74210DL1971PLC005712

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

| Particulars | Note no. | Amount in ₹ | |
|---|----------|-------------------------|-------------------------|
| | | Year Ended 31-Mar-20 | Year Ended 31-Mar-19 |
| REVENUE : | | | |
| Revenue from Operations | 32 | 56,53,95,379 | 3,70,36,84,789 |
| Other Income | 33 | 5,42,89,439 | 6,52,24,801 |
| Total Revenue | | 61,96,84,818 | 3,76,89,09,590 |
| EXPENSES : | | | |
| Cost of Materials Consumed | 34 | 49,91,00,631 | 2,34,98,88,791 |
| Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | 35 | 4,81,26,923 | 23,01,18,789 |
| Expenditure on Contracts | 36 | 19,30,62,735 | 44,42,81,518 |
| Employee Benefit Expense | 37 | 32,56,52,474 | 46,01,59,005 |
| Finance Costs | 38 | 33,34,07,405 | 33,29,88,826 |
| Depreciation and Amortization Expense | 5, 6 & 7 | 6,85,27,474 | 4,37,79,843 |
| Other Expenses | 39 | 9,10,27,851 | 30,52,64,240 |
| Total Expenses | | 1,55,89,05,493 | 4,16,64,81,013 |
| Profit / (Loss) before Exceptional items and Tax | | (93,92,20,675) | (39,75,71,422) |
| Exceptional Items | 40 | 1,29,68,13,694 | - |
| Profit / (Loss) after Exceptional items but Before Tax | | (2,23,60,34,369) | (39,75,71,422) |
| Tax Expense : | | | |
| - Current Tax | | 47,39,500 | 87,65,000 |
| - Deferred Tax | | 12,45,55,295 | (14,91,65,213) |
| - Tax Adjustment for Earlier Years | | 2,14,41,439 | (6,81,131) |
| Total Tax Expenses | | 15,07,36,234 | (14,10,81,345) |
| Profit / (Loss) for the period from continuing operations | | (2,38,67,70,603) | (25,64,90,077) |
| Other Comprehensive Income | | | |
| A Items that will not be reclassified to profit or loss | | | |
| (a) Re-measurement Gains / (Losses) of defined benefit plans | | (10,89,541) | 15,72,281 |
| Income tax effect on above | | - | (5,49,354) |
| (b) Equity Instruments through Other Comprehensive Income | | (1,16,710) | (3,36,416) |
| Gains / (Losses) on Fair valuation of Long Term Investment | | | |
| Income tax effect on above | | - | 1,17,544 |
| Total Other Comprehensive Income | | (12,06,251) | 8,04,055 |
| Total Comprehensive Income for the year | | (2,38,79,76,854) | (25,56,86,022) |
| Earning per share (₹) | | | |
| Basic | | (227.53) | (24.45) |
| Diluted | | (227.53) | (24.45) |
| Face Value of Share (₹) | | 10.00 | 10.00 |

See accompanying notes forming part of the Standalone financial statements 1 to 55
In term of our report attached

As per our report attached.
For G C Agarwal & Associates
Chartered Accountants
Firm Reg. No.017851N

For and on behalf of Board of Directors

G. C. Agarwal
Proprietor
Mem. No.083820

Arjun Gupta
Chairman & Managing Director
DIN-00012092

Date : 11-02-2021
Place : New Delhi

Shiam Narain Tandon
Chief Financial Officer
PAN. ACTPT4052A

Suman Kumar Verma
Company Secretary
Mem. No.F7409

TECHNOFAB ENGINEERING LIMITED

CIN NO.L74210DL1971PLC005712

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31ST MARCH, 2020

Amount in ₹

| A. Equity Share Capital | Balance as at 31st March, 2018 | Changes in equity share capital during the period 2018-19 | Balance as at 31st March, 2019 | Changes in equity share capital during the period 2019-20 | Balance as at 31st March, 2020 | |
|---|--------------------------------|---|--------------------------------|---|---|-----------------------|
| | | 10,49,00,000 | - | 10,49,00,000 | - | 10,49,00,000 |
| (Amount in ₹) | | | | | | |
| B. Other Equity | Reserves & Surplus | | | Items of Other Comprehensive Income | | Total |
| | Securities Premium Reserve | General Reserve | Retained Earnings | Items that will not be reclassified to Profit and Loss | | |
| Particulars | | | | Remeasurement of Defined Benefit Plans | Equity Instruments through Other Comprehensive Income | |
| Balance as at March 31, 2018 | 73,62,21,323 | 81,07,94,058 | 1,19,62,01,688 | 27,44,000 | 1,96,845 | 2,74,61,57,914 |
| Dividend Declared on Equity Shares @ ₹ 2.00 per share (Previous year ₹ Nil) | | | (2,09,80,000) | | | (2,09,80,000) |
| Dividend distribution tax | | | (43,12,487) | | | (43,12,487) |
| Profit for the year ended 31st March, 2019 | | | (25,66,50,601) | | | (25,66,50,601) |
| Re-measurement gains (losses) on defined benefit plans | | | | 11,83,451 | | 11,83,451 |
| Gain (losses) on Fair valuation of Long Term Investment | | | | | (2,18,872) | (2,18,872) |
| Balance as at March 31, 2019 | 73,62,21,323 | 81,07,94,058 | 91,42,58,600 | 39,27,451 | (22,027) | 2,46,51,79,406 |
| Profit for the period ended 31st March, 2020 | | | (2,38,67,70,603) | | | (2,38,67,70,603) |
| Re-measurement gains (losses) on defined benefit plans | | | | (10,89,541) | | (10,89,541) |
| Gain (losses) on Fair valuation of Long Term Investment | | | | | (1,16,710) | (1,16,710) |
| Balance as at March 31, 2020 | 73,62,21,323 | 81,07,94,058 | (1,47,25,12,003) | 28,37,910 | (1,38,737) | 7,72,02,552 |

See accompanying notes forming part of the Standalone financial statements 1 to 55
In term of our report attached

For and on behalf of Board of Directors

As per our report attached
For G C Agarwal & Associates
Chartered Accountants
Firm Reg. No.017851N

Arjun Gupta
Chairman & Managing Director
DIN-00012092

G. C. Agarwal
Proprietor
Mem. No.083820

Date : 11-02-2021
Place : New Delhi

Shiam Narain Tandon
Chief Financial Officer
PAN. ACTPT4052A

Suman Kumar Verma
Company Secretary
Mem. No.F7409

TECHNOFAB ENGINEERING LIMITED

CIN NO.L74210DL1971PLC005712

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

| Particulars | Amount in ₹ | |
|--|-----------------------------|-------------------------|
| | Year Ended 31-Mar-20 | Year Ended 31-Mar-19 |
| (A) CASH FLOW OPERATING ACTIVITIES | | |
| Net Profit Before Tax and Extraordinary Item | (2,23,60,34,369) | (39,75,71,422) |
| Adjustment for : | | |
| Depreciation | 6,85,27,474 | 4,37,79,843 |
| Interest Expenses | 21,99,63,778 | 22,09,31,348 |
| Interest Income | (1,69,28,364) | (2,52,64,355) |
| Loss on Sale of Property, Plant and Equipments (Net) | 1,04,23,757 | 4,32,825 |
| Dividend Income | (23,659) | (25,94,326) |
| Bad debts | | 17,09,38,991 |
| Gain on Fair Valuation of Mutual fund | - | (645) |
| Interest Income on fair valuation of Security Deposit | (76,814) | (1,65,468) |
| Operating Profit before Working Capital Changes | (1,95,41,48,197) | 1,04,86,791 |
| Adjustment for : | | |
| Trade receivables | 67,36,48,220 | 18,06,82,033 |
| Loans and Advances and other assets | 57,63,03,961 | (9,29,75,726) |
| Inventories | 10,24,95,079 | 20,61,76,641 |
| Trade and Other payables | (83,34,87,198) | (52,58,89,110) |
| Cash Generated from Operation | (1,43,51,88,135) | (22,15,19,373) |
| Direct Taxes Paid | 1,61,71,536 | (6,06,25,294) |
| Net Cash Flow from Operating Activities | (A) (1,41,90,16,599) | (28,21,44,667) |
| (B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (23,21,009) | (6,37,93,583) |
| Sale of Fixed Assets | 3,63,32,526 | 7,74,967 |
| Interest Income | 1,69,28,364 | 2,52,64,355 |
| Sale / (Purchase) of Investments (Net) | 11,69,123 | 20,47,45,820 |
| Dividend Received | 23,659 | 25,94,326 |
| Net Cash from (-used) in Investing Activities | (B) 5,21,32,663 | 16,95,85,885 |
| (C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Interest Paid | (21,98,86,964) | (22,09,31,348) |
| Proceeds / (Repayment) from / of Long term Borrowings (Net) | (9,89,45,558) | (3,62,39,616) |
| Proceeds / (Repayment) from / of Short term Borrowings (Net) | (1,63,58,579) | 34,20,67,959 |
| Increase in Borrowings due to Invocation of Bank Guarantees | 1,72,45,88,843 | - |
| Dividend Paid | - | (2,09,80,000) |
| Tax on Dividend | - | (43,12,487) |
| Net Cash Flow From Financing Activities | (C) 1,38,93,97,742 | 5,96,04,508 |
| Net Increase in Cash and Cash Equivalents | (A+B+C) 2,25,13,806 | (5,29,54,273) |
| Cash & Cash Equivalents (Opening Balance) | 2,14,34,189 | 7,43,88,462 |
| Cash & Cash Equivalents (Closing Balance) | 4,39,47,995 | 2,14,34,189 |

See accompanying notes forming part of the Standalone financial statements 1 to 55
In term of our report attached

For and on behalf of Board of Directors

For G C Agarwal & Associates
Chartered Accountants
Firm Reg. No.017851N

Arjun Gupta
Chairman & Managing Director
DIN-00012092

G. C. Agarwal
Proprietor
Mem. No.083820

Shiam Narain Tandon
Chief Financial Officer
PAN. ACTPT4052A

Suman Kumar Verma
Company Secretary
Mem. No.F7409

Date : 11-02-2021
Place : New Delhi

TECHNOFAB ENGINEERING LIMITED

Notes to the consolidated financial statements

Note - 5 Property, Plants and Equipments

Amount in ₹

| Particulars | Land | Buildings | Plant and Equipments | Right-of-Use Assets | Temporary Structure | Barges | Furniture and Fixture | Office Equipment | Vehicles | Computer | Total |
|---------------------------------|---------------------|--------------------|----------------------|---------------------|---------------------|--------------------|-----------------------|------------------|--------------------|------------------|---------------------|
| Gross Block | | | | | | | | | | | |
| As at April 01, 2018 | 35,87,85,000 | 5,83,22,715 | 15,47,81,033 | - | 9,77,59,347 | 8,04,01,884 | 33,51,748 | 26,51,120 | 6,18,19,316 | 79,96,369 | 61,88,36,231 |
| Additions | | - | 3,38,11,292 | - | 1,41,72,089 | - | 1,69,417 | - | 1,22,08,718 | 27,78,597 | 6,31,40,113 |
| Adjustment | | - | 6,52,652 | - | - | - | - | - | 19,99,175 | 1,13,467 | 27,65,294 |
| As at March 31, 2019 | 35,87,85,000 | 5,83,22,715 | 18,79,39,673 | - | 11,19,31,436 | 8,04,01,884 | 35,21,165 | 26,51,120 | 7,20,28,859 | 1,06,61,499 | 88,62,43,350 |
| Additions | | | | 16,10,16,039 | 20,50,899 | | | | | 32,110 | 16,30,99,048 |
| Adjustment | 3,55,00,000 | | 2,70,53,853 | 16,10,16,039 | 11,21,29,342 | | 7,33,853 | | 1,05,17,463 | 9,87,703 | 34,79,38,253 |
| As at March 31, 2020 | 32,32,85,000 | 5,83,22,715 | 16,08,85,820 | - | 18,52,993 | 8,04,01,884 | 27,87,312 | 26,51,120 | 6,15,11,396 | 97,05,906 | 70,14,04,145 |
| Accumulated Depreciation | | | | | | | | | | | - |
| As at April 01, 2018 | - | 46,33,001 | 2,84,88,066 | - | 9,14,84,266 | 1,19,99,124 | 7,09,905 | 14,95,860 | 1,39,89,227 | 38,86,698 | 15,66,86,147 |
| Charge for the year | | 21,89,053 | 1,80,71,416 | - | 28,49,823 | 59,99,562 | 4,19,908 | 3,75,315 | 1,05,13,378 | 21,84,145 | 4,26,02,600 |
| Adjustment | | - | 3,81,701 | - | - | - | - | - | 11,39,801 | 36,000 | 15,57,502 |
| As at March 31, 2019 | - | 68,22,054 | 4,61,77,781 | - | 9,43,34,089 | 1,79,98,686 | 11,29,813 | 18,71,175 | 2,33,62,804 | 60,34,843 | 19,77,31,245 |
| Charge for the period | | 21,14,989 | 1,69,35,688 | 2,23,50,072 | 83,23,506 | 60,15,999 | 3,39,136 | 2,14,007 | 91,86,915 | 18,88,358 | 6,73,68,670 |
| Adjustment | | | 82,32,066 | 2,23,50,072 | 10,13,68,395 | - | 3,02,626 | - | 69,78,690 | 9,34,082 | 14,01,65,931 |
| As at March 31, 2020 | - | 89,37,043 | 5,48,81,403 | - | 12,89,200 | 2,40,14,685 | 11,66,323 | 20,85,182 | 2,55,71,029 | 69,89,119 | 12,49,33,983 |
| Net Carrying Amount | | | | | | | | | | | |
| As at March 31, 2019 | 35,87,85,000 | 5,15,00,661 | 14,17,61,892 | - | 1,75,97,347 | 6,24,03,198 | 23,91,352 | 7,79,945 | 4,86,66,055 | 46,26,656 | 68,85,12,105 |
| As at March 31, 2020 | 32,32,85,000 | 4,93,85,672 | 10,60,04,417 | - | 5,63,793 | 5,63,87,199 | 16,20,989 | 5,65,938 | 3,59,40,367 | 27,16,787 | 57,64,70,162 |

Note - 6 Investment in Property

Note - 7 Intangible assets

| Particulars | Amount in ₹ | | Particulars | Amount in ₹ | |
|---------------------------------|------------------|------------------|---------------------------------|------------------|------------------|
| | Buildings | Total | | Software | Total |
| Gross Block | | | Gross Block | | |
| As at April 01, 2018 | 57,76,419 | 57,76,419 | As at April 01, 2018 | 56,76,930 | 56,76,930 |
| Additions | - | - | Additions | 6,53,470 | 6,53,470 |
| As at March 31, 2019 | 57,76,419 | 57,76,419 | As at March 31, 2019 | 63,30,400 | 63,30,400 |
| Additions | - | - | Additions | 2,38,000 | 2,38,000 |
| As at March 31, 2020 | 57,76,419 | 57,76,419 | As at March 31, 2019 | 65,68,400 | 65,68,400 |
| Accumulated Depreciation | | | Accumulated Depreciation | | |
| As at April 01, 2018 | 1,83,171 | 1,83,171 | As at April 01, 2018 | 29,99,585 | 29,99,585 |
| Charge for the year | 91,460 | 91,460 | Charge for the year | 10,85,782 | 10,85,782 |
| As at March 31, 2019 | 2,74,631 | 2,74,631 | As at March 31, 2019 | 40,85,367 | 40,85,367 |
| Charge for the year | 91,711 | 91,711 | Charge for the year | 10,67,093 | 10,67,093 |
| As at March 31, 2020 | 3,66,342 | 3,66,342 | As at March 31, 2019 | 51,52,460 | 51,52,460 |
| Net Carrying Amount | | | Net Carrying Amount | | |
| As at March 31, 2019 | 55,01,788 | 55,01,788 | As at March 31, 2019 | 22,45,033 | 22,45,033 |
| As at March 31, 2020 | 54,10,077 | 54,10,077 | As at March 31, 2020 | 14,15,940 | 14,15,940 |

TECHNOFAB ENGINEERING LIMITED

Notes to the consolidated financial statements

| Particulars | Amount in ₹ | | | |
|--|-------------|--------------|----------------------|--------------------------------------|
| | Face Value | Qty. in nos. | As at 31-Mar-20 ₹ | Qty. in nos. As at 31-Mar-19 ₹ |
| Note -8 Non-current Investments - Non Trade | | | ₹ | ₹ |
| (Long Term Investments at Fair Value) | | | | |
| Designated at fair value through Other Comprehensive Income | | | | |
| (I) Equity Shares, Fully Paid up (quoted) | | | | |
| Ahluwalia Contracts Ltd. | 2 | 100 | 17,160 | 100 32,485 |
| C & C Construction Ltd. | 10 | 100 | 110 | 100 1,140 |
| Hind Dorr-Oliver Ltd. | 2 | 74037 | - | 74037 - |
| Hindustan Construction Ltd. | 1 | 100 | 395 | 100 1,500 |
| IVRCL Infrastructure Ltd. | 2 | 100 | - | 100 80 |
| Larsen & Toubro Ltd. | 2 | 225 | 1,21,275 | 225 2,07,795 |
| Nagarjuna Construction Ltd. | 2 | 100 | 1,875 | 100 11,285 |
| Patel Engineering Ltd. | 1 | 100 | 900 | 100 2,540 |
| Shriram EPC Ltd. | 10 | 200 | 230 | 200 1,630 |
| Unitech Ltd. | 2 | 2000 | 2,500 | 2000 2,700 |
| Total (I) of Investments measured at Fair Value Through | | | 1,44,445 | 2,61,155 |
| (II) Unquoted Equity shares, Fully Paid up | | | | |
| Hydro Air Tectonics (PCD) Ltd. | 10 | 390000 | - | 390000 - |
| Total (II) of Investments measured at Fair Value Through | | | - | - |
| Total (Non-current Investments) | | | 1,44,445 | 2,61,155 |
| Note - 9 Loans Non-Current (Unsecured, Considered good) | | | | |
| Security Deposit / Earnest Money | | | 1,69,69,116 | 2,01,02,563 |
| Total | | | 1,69,69,116 | 2,01,02,563 |
| Note - 10 Other Non Current Financial Assets | | | | |
| Fixed deposits having remaining maturity of more than 12 months * | | | 19,608 | 5,99,82,305 |
| Total | | | 19,608 | 5,99,82,305 |
| * Pledged with Banks as margin for Bank Guarantees and Letter of Credit Rs. NIL (Previous Year 5,99,82,305/-) Deposited with Commerical Tax Officer (MP) Rs 19,608/- (Previsous Year NIL) | | | | |
| Note - 11 Other Non Current Assets | | | | |
| Prepaid Expenses | | | 40,00,380 | 2,30,60,844 |
| Total | | | 40,00,380 | 2,30,60,844 |
| Note - 12 Deferred tax Assets comprised of the following: - | | | | |
| Assets | | | | |
| (i) Disallowance under Income Tax Act | | | - | 51,93,008 |
| (ii) Carried Forward losses | | | - | 15,09,19,610 |
| Total Deferred tax assets | | | - | 15,61,12,618 |
| Liability | | | | |
| Difference between book and tax base related to fixed assets | | | - | 3,16,04,901 |
| Total Deferred tax liabilities | | | 47,578 | 3,16,04,901 |
| Net Deferred Tax Assets | | | (47,578) | 12,45,07,717 |
| Deferred Tax (Assets) / Liability provided for | | | | |
| Profit and Loss Account | | | 12,45,55,295 | (14,91,65,213) |
| Other Comprehensive Income | | | - | 4,31,810 |
| Net Deferred Tax (Assets) / Liability | | | 12,45,55,295 | (14,87,33,403) |
| Note - 13 Inventories | | | | |
| Raw Material | | | 11,55,91,699 | 21,80,86,778 |
| Total | | | 11,55,91,699 | 21,80,86,778 |

TECHNOFAB ENGINEERING LIMITED

Notes to the consolidated financial statements

| Particulars | Amount in ₹ | |
|---|-----------------------|-----------------------|
| | Qty. in nos. | As At 31-Mar-20 |
| Note - 14 Current Investments | | |
| Designated at fair value through Profit and Loss account. | | |
| Current Investments (other than trade) | | |
| Unquoted, Fully Paid up units of mutual fund | | |
| Kotak Floater Short Term - Daily Dividend (Regular Plan) | - | 1040 |
| Total | - | 10,52,413 |
| Note - 15 Trade Receivables # | | |
| Trade Receivables considered good-Secured | - | - |
| Trade Receivables considered good-Unsecured | 3,31,86,21,310 | 3,99,22,69,530 |
| Trade Receivables which have significant increase in Credit Risk | - | - |
| Trade Receivables - Credit impaired | - | - |
| Total | 3,31,86,21,310 | 3,99,22,69,530 |
| # Trade receivables includes Retention Money | | |
| Note - 16 Cash and Cash Equivalents | | |
| Balance with Banks | | |
| in Current Account with Domestic Banks | 1,99,30,286 | 70,99,696 |
| in Current Account with Foreign Banks* | 2,25,24,494 | 1,35,71,194 |
| DD on Hand | 1,28,458 | - |
| Cash on Hand | 13,64,757 | 7,63,298 |
| Total | 4,39,47,995 | 2,14,34,188 |
| The balance appearing in: | | |
| (a) Bank of Abyssinia (ETB), Ethiopia amounting to Rs. 91,501/- (Previous year Rs. 15,90,290/-) | | |
| (b) Standard Bank SA, Mozambique amounting to Rs. 1,30,68,127/- (Previous year Rs. 1,07,25,882/-) | | |
| (c) Bank of Baroda, Fiji amounting to Rs. 2,41,424/- (Previous year Rs. 2,32,810/-) | | |
| are subject to verification of Bank Statements and reconciliation. | | |
| * Also refer Note No. 41(a) | | |
| Note - 17 Other Bank Balances | | |
| In Earmarked Dividend Bank Accounts | 3,30,742 | 3,53,490 |
| Fixed deposits having remaining maturity of more than three months and less than twelve months and other than considered in cash and cash equivalents * | 4,41,48,970 | 44,98,97,639 |
| Total | 4,44,79,712 | 45,02,51,129 |
| * Pledged / under lien with bank for issue of Bank Guarantees and Letter of Credit | | |
| Note - 18 Loans Current (Unsecured, Considered good) | | |
| Security Deposits | 27,71,734 | 37,02,352 |
| Marging against Finance | | 1,50,00,000 |
| Other Receivable | 77,43,631 | 75,01,600 |
| Total | 1,05,15,365 | 2,62,03,952 |
| Note - 19 Current Tax Assets (Net) | | |
| Advance Taxes and Tax Deducted at Source (Net of Provisions) | 90,93,927 | 5,14,46,403 |
| Total | 90,93,927 | 5,14,46,403 |
| Note - 20 Other Current Assets (Unsecured, Considered good) | | |
| Recoverable from Revenue Authorities | 23,65,19,538 | 20,15,95,912 |
| Income Tax Refund Receivable | 7,27,28,795 | 7,98,21,012 |
| Prepaid Expenses | 2,73,82,805 | 6,20,42,799 |
| Advances to Related Party-Associates | - | 4,82,99,747 |
| Unbilled Revenue | 24,57,05,121 | 19,82,96,000 |
| Advances for supply of raw materials & Others | 4,48,83,676 | 10,98,51,814 |
| Total | 62,72,19,935 | 69,99,07,284 |

TECHNOFAB ENGINEERING LIMITED

Notes to the consolidated financial statements

| Particulars | Amount in ₹ | |
|---|---------------------|---------------------|
| | As At 31-Mar-20 | As At 31-Mar-19 |
| Note - 21 Share Capital | ₹ | ₹ |
| Authorised Capital | | |
| 180,00,000 Equity shares of ₹ 10/- each | 18,00,00,000 | 18,00,00,000 |
| Issued, Subscribed & Paid up | | |
| 104,90,000 Equity shares of ₹ 10/- each | 10,49,00,000 | 10,49,00,000 |
| Total | 10,49,00,000 | 10,49,00,000 |

Note (i) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period.

| Particulars | As At 31-Mar-20 | | As At 31-Mar-19 | |
|--------------------------------------|--------------------|---------------------|--------------------|---------------------|
| | No. of shares | Amount in ₹ | No. of shares | Amount in ₹ |
| Shares at the beginning of the year | 10490000 | 10,49,00,000 | 10490000 | 10,49,00,000 |
| Addition during the year | - | - | - | - |
| Shares at the end of the year | 10490000 | 10,49,00,000 | 10490000 | 10,49,00,000 |

(ii) List of share holders holding more than 5% of the total shares of the Company.

| Name of the shares holders | No. of shares | % of holding | No. of shares | % of holding |
|-----------------------------|---------------|--------------|---------------|--------------|
| Arjun Gupta | 2825293 | 26.93 | 432872 | 4.13 |
| Avinash Chander Gupta | 920675 | 8.78 | 3313096 | 31.58 |
| Pragmatic Traders Pvt. Ltd. | 568476 | 5.42 | 568476 | 5.42 |

Note - 22 Other Equity

| | | |
|---|-------------------------|-----------------------|
| (i) Securities Premium (Refer Note 22a) | 73,58,01,573 | 73,62,21,323 |
| (ii) General Reserve (Refer Note 22b) | | |
| As per last accounts | 81,10,44,494 | 81,07,94,058 |
| Closing Balance | 81,10,44,494 | 81,07,94,058 |
| (iii) Other Comprehensive Income (Refer Note 22c) | | |
| As per last accounts | 39,05,424 | 29,40,845 |
| Add : Profit (-Loss) after tax for the year | (12,06,251) | 9,64,579 |
| Closing Balance | 26,99,173 | 39,05,424 |
| (iv) Surplus | | |
| As per last accounts | 91,42,58,600 | 1,19,62,01,688 |
| Add : Profit (-Loss) after tax for the year | (2,38,67,70,603) | (25,66,50,601) |
| Misc. Adjustments | 1,69,315 | - |
| Less: Dividend Declared on Equity Shares @ NIL per share (Previous year ₹ 2.00) | - | 2,09,80,000 |
| Less : Dividend distribution tax | - | 43,12,487 |
| Closing Balance | (1,47,23,42,688) | 91,42,58,600 |
| Total | 7,72,02,552 | 2,46,51,79,406 |

Nature of Reserves

- 22a** Securities premium reserve represents the amount received in excess of per value of securities (equity share, preference shares and debentures). Premium on redemption of securities is accounted in security premium available. Where security premium is not available, premium on redemption of securities is accounted in statement of profit and loss. section 52 of Companies act 2013 specify restriction and utilisation of security
- 22b** General reserve represents the statutory reserve, this is in accordance with Indian corporate law wherein a portion of profit is apportioned to general reserve. Under companies act 1956 it was mandatory to transfer amount before a company can declare dividend. however under companies act 2013 transfer of any amount to General reserve is at the discretion of the company.
- 22c** Other Comprehensive income Reserve represent the balance in equity for items to be accounted in other comprehensive income. OCI is classified into i). Items that will not be reclassified to profit and loss ii). Items that will be reclassified to profit and loss.

TECHNOFAB ENGINEERING LIMITED

Notes to the consolidated financial statements

| Particulars | Amount in ₹ | |
|---|-----------------------|-----------------------|
| | As At 31-Mar-20 | As At 31-Mar-19 |
| Note - 23 Non Current borrowings {Term Loans (from Banks)} | ₹ | ₹ |
| Secured | | |
| Vehicle Loans* | 10,76,452 | 46,60,638 |
| Equipment Loans** | - | 41,30,429 |
| Loans from NBFC*** | - | 9,12,30,943 |
| Total | 10,76,452 | 10,00,22,010 |
| * Secured by hypothecation of the vehicles and is repayable in equated installments upto July, 2022 for different vehicles financed. The loan carries interest rate ranging 10% p.a to 13% p.a. | | |
| Note - 24 Other Non Current Financial Liabilities | — | — |
| Others Payables | | |
| Vehicle Security | - | 4,06,864 |
| Total | - | 4,06,864 |
| Note - 25 Provisions | | |
| Long Term Provisions | | |
| Gratuity | 1,14,33,654 | 56,32,949 |
| Leave Encashment | 42,06,273 | 30,37,611 |
| Total | 1,56,39,927 | 86,70,560 |
| Note - 26 Other Non Current Liabilities | | |
| Others Payables | | |
| Advance from Customers | 40,93,66,792 | 63,54,50,844 |
| Total | 40,93,66,792 | 63,54,50,844 |
| Note - 27 Current borrowings (Secured) | | |
| From Banks | | |
| Working Capital* | 2,88,55,78,680 | 1,22,60,71,136 |
| <u>Current maturity of :</u> | | |
| Vehicle Loans | 13,54,032 | 37,60,392 |
| Equipment Loans** | 1,91,21,235 | 1,72,26,000 |
| Loans from NBFC*** | 7,59,98,628 | 2,67,64,782 |
| Total | 2,98,20,52,575 | 1,27,38,22,310 |

* Working capital loan is secured against tangible movable assets including stock, stores and book debts of the Interest in respect of Bank loan

| | |
|--------------------------|--------------------|
| (i) AXIS BANK | 2,49,35,607 |
| (ii) BANK OF BARODA | 66,04,918 |
| (iii) IDBI BANK | 42,04,951 |
| (iv) STATE BANK OF INDIA | 1,39,01,397 |
| (v) UNITED BANK OF INDIA | 2,43,47,302 |
| Total | 7,39,94,175 |

For the period July-2019 to March-2020 was not charged by banks during the year.

** ECB Loan of USD 253,707/- equivalent Rupees 19,121,235/- (Including current maturity of long term debt in note 27) is secured against hypothecation of plant and machinery purchased for International Projects. The loan carries interest @ six months Libor plus 3.5% p.a. The loan is net of transaction cost.

*** Loan from NBFC is secured against mortgage of immovable property of Subsidiary Companies. The Loan carries interest @ 12% p.a.

TECHNOFAB ENGINEERING LIMITED

Notes to the consolidated financial statements

| Particulars | Amount in ₹ | |
|--|---------------------|-----------------------|
| | As At 31-Mar-20 | As At 31-Mar-19 |
| Note - 28 Trade Payables | ₹ | ₹ |
| Total outstanding dues of micro enterprises and small enterprises* | 56,19,008 | 1,64,56,080 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 83,51,45,907 | 1,37,76,84,539 |
| Total | 84,07,64,915 | 1,39,41,40,619 |
| *Note relating to micro, small and medium enterprises | | |
| i Principal Amount remaining unpaid at the end of the year | 53,70,392 | 1,50,32,791 |
| ii Interest Amount remaining unpaid at the end of the year | 2,48,616 | 14,23,289 |
| iii Amount of Interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 | | |
| iv Amount of Interest due and payable for the period of delay in making payment (in addition to the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | | |
| v Amount of Interest accrued and remained unpaid at the end of the year | | |
| vi Amount of further Interest remaining due and paid in the succeeding year | - | 19,40,025 |
| Total | 56,19,008 | 1,64,56,080 |
| Note - 29 Other Current Financial Liabilities | | |
| Unpaid Dividend | 3,30,742 | 3,53,490 |
| Total | 3,30,742 | 3,53,490 |
| Note - 30 Other Current Liabilities | | |
| Other Payable (including expenses payable) | 29,14,29,265 | 30,51,82,867 |
| Advance from Customers | 7,22,41,199 | 11,21,38,384 |
| Statutory Dues | 3,05,65,754 | 3,48,57,695 |
| Total | 39,42,36,218 | 45,21,78,946 |
| Note - 31 Current Provisions | | |
| Gratuity | 35,67,306 | 51,25,567 |
| Leave Encashment | 12,15,574 | 10,75,531 |
| Total | 47,82,880 | 62,01,098 |

TECHNOFAB ENGINEERING LIMITED

Notes to the consolidated financial statements

| | | Amount in ₹ | |
|---|-------------------------|-------------------------|--|
| Particulars | Year Ended 31-Mar-20 | Year Ended 31-Mar-19 | |
| Note - 32 Revenue from Operations | ₹ | ₹ | |
| Construction Contract | 56,53,73,373 | 3,70,25,00,270 | |
| Export Incentives | 22,006 | 11,84,519 | |
| Total | 56,53,95,379 | 3,70,36,84,789 | |
| Note - 33 Other Income | | | |
| Miscellaneous Income | 30,77,483 | 26,62,606 | |
| Interest from Others | 7,56,745 | 7,60,616 | |
| Rent Received | 1,06,803 | 97,879 | |
| Dividend Income from Current Investments | - | 25,90,596 | |
| Dividend Income from Non-Current Investments | 23,659 | 3,730 | |
| Gain on Fair Valuation of Mutual fund | - | 645 | |
| Interest received on Income Tax Refund | 23,10,570 | 57,01,588 | |
| Interest Income on fair valuation of Security Deposit | 76,814 | 1,65,468 | |
| Exchange Rate Variation (Net) | 2,79,41,686 | 2,15,15,114 | |
| Interest received on FDR | 1,99,95,679 | 3,17,26,559 | |
| Total | 5,42,89,439 | 6,52,24,801 | |
| Note - 34 Cost of Materials Consumed | 49,91,00,631 | 2,34,98,88,791 | |
| Note - 35 (Increase) / Decrease in Raw Material & Work in progress | | | |
| (a) Opening Stock | | | |
| Raw Material | 13,66,33,982 | - | |
| Work-in-Progress | - | 23,01,18,789 | |
| Total a | 13,66,33,982 | 23,01,18,789 | |
| (b) Closing Stock | | | |
| Raw Material | 8,85,07,059 | - | |
| Work-in-Progress | - | - | |
| Total b | 8,85,07,059 | - | |
| Total (a-b) | 4,81,26,923 | 23,01,18,789 | |
| Note - 36 Expenditure on Contracts | | | |
| Power and Fuel | 31,21,519 | 1,30,96,176 | |
| Inspection and Testing | 73,12,979 | 2,42,92,161 | |
| Repairs and Maintenance | 1,19,89,299 | 3,43,15,286 | |
| Freight, Forwarding and Clearing | 1,87,55,832 | 10,29,02,272 | |
| Rates and Taxes | 1,37,35,372 | 5,69,62,060 | |
| Rent and Hire Charges | 84,87,125 | 5,33,21,847 | |
| Insurance | 4,27,67,750 | 3,37,88,199 | |
| Other Site Expenses | 8,68,24,577 | 12,54,53,699 | |
| Rent Expense on fair valuation of Security Deposit | 68,282 | 1,49,818 | |
| Total | 19,30,62,735 | 44,42,81,518 | |
| Note - 37 Employee Benefit Expense | | | |
| Salaries, Wages and Other Allowances | 29,67,91,884 | 41,24,49,793 | |
| Contribution to Provident and Other Funds | 2,31,77,503 | 3,43,45,756 | |
| Workmen and staff Welfare | 56,83,087 | 1,33,63,456 | |
| Total | 32,56,52,474 | 46,01,59,005 | |

TECHNOFAB ENGINEERING LIMITED

Notes to the consolidated financial statements

| Particulars | Amount in ₹ | |
|---|-------------------------|-------------------------|
| | Year Ended 31-Mar-20 | Year Ended 31-Mar-19 |
| Note - 38 Finance Cost | ₹ | ₹ |
| Interest | 21,99,63,778 | 22,09,31,348 |
| Bank Charges | 11,34,43,627 | 11,20,57,478 |
| Total | 33,34,07,405 | 33,29,88,826 |
| Note - 39 Other Expenses | | |
| Power and Fuel | 31,77,639 | 63,40,786 |
| Repairs to Machinery | - | 13,722 |
| Repairs to Others | 58,62,186 | 1,22,65,650 |
| Insurance | 25,43,604 | 48,85,146 |
| Rates and Taxes | 1,44,57,147 | 34,57,025 |
| Interest on TDS | 28,09,846 | 23,01,611 |
| Auditors Remuneration | 1,33,230 | 1,44,850 |
| Miscellaneous Expenditure | 23,33,623 | 2,92,58,702 |
| Donations | - | 1,00,000 |
| CSR Expenditure | - | 51,23,789 |
| Director's Sitting Fees | 13,20,000 | 19,60,000 |
| Legal and Professional | 3,38,84,228 | 4,46,87,767 |
| Rent and Hire Charges | 10,07,750 | 43,51,351 |
| Communication Charges | 14,49,005 | 28,69,681 |
| Printing and Stationary | 9,92,066 | 42,32,057 |
| Travelling and Conveyance | 31,26,537 | 1,16,15,758 |
| Vehicle Running and Maintenance Charges | - | 2,84,529 |
| Bad Debts and Sundry Balance w/off | 75,07,233 | 17,09,38,991 |
| Loss on Sale of Assets (Net) | 1,04,23,757 | 4,32,825 |
| Total | 9,10,27,851 | 30,52,64,240 |
| Note - 40 Exceptional Items | | |
| BG Invoked by customers/balance written off | 1,31,35,11,298 | - |
| BG Invoked by us | (1,66,97,604) | - |
| Total | 1,29,68,13,694 | - |

The Company had requested banks to provide support by giving additional enhanced Working Capital facilities to meet the growth capital requirements for projects/operations of the Company. A detailed discussion on this is given separately in note on banking situation. (Refer Note No. 52 & 53)

In the current financial year, the Company could not fully service its projects due to non-availability of growth capital and resultantly the Company could not meet the funding requirements for projects by providing material and payment for services therefore the scheduled project execution timelines could not be met and the project execution was delayed substantially.

In view of this situation few projects under execution were terminated by the customer and consequently the Bank Guarantees for these projects were invoked. Since this is not a normal business situation therefore these have been classified as exceptional items and presentation for the same has been shown separately in the financial statements.

Technofab Engineering Limited

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

1. Corporate and General Information

Technofab Engineering Limited (the Company) is domiciled and incorporated in India on 20th July, 1971. The registered office of the company is situated at 913, Hemkunt Chambers, 89, Nehru Place, New Delhi – 110 019, India.

Under Companies Act, 2013, Group is defined as parent, subsidiaries, joint ventures and associates. For these consolidated financial statements, the aforesaid definition under Companies Act, 2013 has been considered.

The Group is engaged in the business of engineering, procurement and construction (EPC) contracts for electricity, water infrastructure, oil handling systems etc. on a turnkey, supply or erection basis.

The company is a going concern as the business of the company is predicted to be in operation and expected to be able to operate for the following 12 months with no threat of liquidation or closure.

Further the Company has the resources and requisite technical qualification for executing the existing Business and with its inherent strength to continue its operations for the foreseeable future. Under these circumstances, assets and liabilities are recorded in the financial statements assuming that the entity will be able to realise its assets and discharge its liabilities in the normal course of business.

Further the net worth of the Company is positive on the reporting date. The Company is having substantial orders in hand for project execution and the Management does not have an intention to liquidate or close the operations of the Company.

The Company is currently banking with the consortium of six Banks for documented working capital fund based and non-fund based limits of Rs. 915 Crores. The Company had submitted its request for enhancements of Working Capital limits to Rs. 1075 Crores.

The Lead Bank had made an assessment of the Working Capital limits at an enhanced amount of Rs. 1075 Crores, however due to circumstance beyond the control of the Company, financial closure for the enhanced limits could not be achieved and resultantly the Company could not fully service its existing order back log as new limits were not made available.

As a result of this, the Company could not achieve the requisite project progress commensurate with its targets / plans and therefore some projects were terminated and Performance Guarantees were invoked. Since the overdrawn position in the bank accounts remained beyond the stipulated guidelines therefore the bank accounts of the Company were classified as Non-Performing Asset (NPA).

In view of this, as per the applicable guidelines issued by the Reserve Bank of India, the Company has submitted its Restructuring Proposal which is under due consideration by the Consortium Member Banks.

2. Basis of preparation

The financial statements have been prepared complying in all material respects with the Indian Accounting Standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rule 2015 (as amended). The financial statements comply with IND AS notified by Ministry of Company Affairs (“MCA”). The Group has consistently applied the accounting policies used in the preparation for all periods presented.

Technofab Engineering Limited

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

The significant accounting policies used in preparing the consolidated financial statements are set out in Note 3 of the Notes to the consolidated financial statements.

The preparation of consolidated financial statements requires management to make estimates and assumptions. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Note 4 on critical accounting estimates, assumptions and judgements).

Basis of Consolidation

The consolidated financial statements have been prepared on the following principles:

The consolidated financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together items of assets, liabilities, income and expenses, after eliminating the intra-group balances, intra-group transactions and unrealised profits or losses in accordance with Indian Accounting Standards (IND AS 110) on "Consolidated financial Statements" notified under Section 133 of the Companies Act 2013, read with Companies (Indian Accounting Standard) Rule 2015 as amended time to time .

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

The Consolidated Financial Statements include the results of the following subsidiaries:

| S. No. | Name of Subsidiaries | County of Incorporation | Percentage of ownership interest as at 31 st March 2020 |
|--------|---|-------------------------|--|
| 1 | Arihant Flour Mills Pvt Ltd | India | 100% |
| 2 | Woodlands Instruments Pvt Ltd | India | 100% |
| 3 | Rivu Infrastructural Developers Pvt Ltd | India | 100% |

3. Significant Accounting Policies

3.1 Basis of Measurement

The financial statements have been prepared on an accrual basis and under the historical cost convention except following which have been measured at fair value:

- Financial assets and liabilities, (carried at amortised cost),
- Defined benefit plans - plan assets measured at fair value,

3.2 Property, Plant and equipment

- a) Property, Plant and Equipment on the date of transition. Subsequently Property, Plant and Equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.
- b) Depreciation is provided on Straight Line Method over the remaining useful life of the assets in the manner prescribed in Schedule II of the Companies Act, 2013.
- c) The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

Technofab Engineering Limited

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

3.3 Intangible Assets

Identifiable intangible assets are recognised a) when the Group controls the asset, b) it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured.

Computer software are capitalised at the amounts paid to acquire the respective license for use and are amortised over the period of license, generally not exceeding four years on straight line basis. The assets' useful lives are reviewed at each financial year end.

Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses. On loss of control over subsidiary, the attributable amount of goodwill is included in the determination of profit and loss recognised in the profit and loss statement on disposal.

3.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash and short term deposits, as defined above, net of outstanding bank overdraft as they are considered an integral part of the Group's cash management.

3.5 Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories comprises cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their respective present location and condition.

3.6 Employee benefits

- a) Short term employee benefits are recognized as an expense in the Statement of Profit and Loss of the year in which the related services are rendered.
- b) Leave encashment being a short term benefit is accounted for using the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to profit and loss in the period in which they arise.
- c) Contribution to Provident Fund, a defined contribution plan, is made in accordance with the statute, and is recognised as an expense in the year in which employees have rendered services.
- d) The cost of providing gratuity, a defined benefit plans, is determined using the Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Other costs are accounted in Statement of Profit and loss.

Technofab Engineering Limited

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

3.7 Foreign currency reinstatement and translation

a. Functional and presentation currency

These financial statements have been presented in Indian Rupees (Rs), which is the Group's functional and presentation currency.

b. Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at rates prevailing at the date of the transactions. Subsequently monetary items are translated at closing exchange rates of balance sheet date and the resulting exchange difference is recognised in profit or loss. Differences arising on settlement of monetary items are also recognised in profit or loss.

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 transaction. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. Exchange component of the gain or loss arising on fair valuation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to such exchange difference.

3.8 Financial instruments – initial recognition, subsequent measurement and impairment

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

Financial Assets are measured at amortised cost or fair value through Other Comprehensive Income or fair value through Profit or Loss, depending on its business model for managing those financial assets and the assets contractual cash flow characteristics.

Subsequent measurements of financial assets are dependent on initial categorisation. For impairment purposes significant financial assets are tested on an individual basis, other financial assets are assessed collectively in groups that share similar credit risk characteristics.

i. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For some trade receivables, the Group may obtain security in the form of guarantee, security deposit or letter of credit which can be called upon if the counterparty is in default under the terms of the agreement.

A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The estimated impairment losses are recognised in a separate provision for impairment and the impairment losses are recognised in the Statement of Profit and Loss within other expenses.

Subsequent changes in assessment of impairment are recognised in provision for impairment and the change in impairment losses are recognised in the Statement of Profit and Loss within other expenses.

Technofab Engineering Limited

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the Statement of Profit and Loss within other expenses.

ii. Investment in equity shares

Investment in equity securities are initially measured at fair value. Any subsequent fair value gain or loss is recognized through Profit or Loss if such investments in equity securities are held for trading purposes. In the case of long term investments, the gain/(loss) are recognized through Other Comprehensive Income. The fair value gains or losses of all other equity securities are recognized in Other Comprehensive Income.

B. Financial Liabilities

At initial recognition, all financial liabilities other than fair valued through profit and loss are recognised initially at fair value less transaction costs that are attributable to the issue of financial liability. Transaction costs of financial liability carried at fair value through profit or loss is expensed in profit or loss.

Financial liabilities are classified in two categories; subsequent measurement of financial assets is dependent on initial categorisation. These categories and their classification are as below:

i. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. The Group has not designated any financial liabilities upon initial measurement recognition at fair value through profit or loss. Financial liabilities at fair value through profit or loss are at each reporting date at fair value with all the changes recognized in the Statement of Profit and Loss.

ii. Financial liabilities measured at amortized cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method ("EIR") except for those designated in an effective hedging relationship. The carrying value of borrowings that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in fair values attributable to the risks that are hedged in effective hedging relationship.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit and Loss.

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Technofab Engineering Limited

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

iii. Trade and other payables

A payable is classified as 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.9 Equity share capital

Incremental costs net of taxes directly attributable to the issue of new equity shares are reduced from retained earnings, net of taxes.

3.10 Borrowing costs

Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized (net of income on temporarily deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing cost incurred during that period.

All other borrowing costs are expensed in the period in which they occur.

3.11 Taxation

Income tax expense represents the sum of current and deferred tax (including MAT). Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in such cases the tax is also recognised directly in equity or in other comprehensive income. Any subsequent change in direct tax on items initially recognised in equity or other comprehensive income is also recognised in equity or other comprehensive income, such change could be for change in tax rate.

Current tax provision is computed for Income calculated after considering allowances and exemptions under the provisions of the applicable Income Tax Laws. Current tax assets and current tax liabilities are set off, and presented as net.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance sheet and the corresponding tax bases used in the computation of taxable profit and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised. Deferred tax assets and liabilities are measured at the applicable tax rates. Deferred tax assets and deferred tax liabilities are off set, and presented as net.

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The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

3.12 Revenue recognition and other operating income

Revenue from construction contracts

Revenue from construction services are recognised on percentage completion method on invoicing of services and transfer of goods. Percentage of completion is determined as a proportion of cost incurred to date to the total estimated contract cost. Estimated loss on project activity to be undertaken in future years is provided for.

Other Income

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Export Benefits

Export benefits i.e. duty drawback is accounted for only when the right to receive the same is established.

Dividend

Dividend income is recognised when the right to receive dividend is established.

3.13 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year.

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

3.14 Provisions and contingencies

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Gratuity and leave encashment provision

Refer Note 3.6 for provision relating to gratuity and leave encashment.

Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

3.15 Exceptional items

Exceptional items refer to items of income or expense within the Statement of Profit and Loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Group.

3.16 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

The Group has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by MCA.

An asset is classified as current when it is:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
- b) Held primarily for the purpose of trading,
- c) Expected to be realised within twelve months after the reporting period, or
- d) 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 classified as current when:

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

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

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

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

3.17 Dividend and dividend distribution tax

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividend are approved by the shareholders. Any interim dividend paid is recognised on approval by board of directors. Dividend payable and corresponding tax on dividend distribution is recognised directly in equity.

3.18 Recent accounting development

Standards issued but not yet effective:

Ind AS 116- Leases

Ind AS 116 was notified by Ministry of Corporate Affairs on March 30, 2019 and it is applicable for annual reporting periods beginning on or after April 1, 2019.

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased term) and a financial liability to pay rentals for virtually all leases contracts. An optional exemption exists for short-term and low-value assets. The company is evaluating the same in the financial statement going forward.

3.19 COVID-19 Policy

COVID-19 has impacted the normal business operation by way of supply chain disruption, unavailability of personnel, closure/lock down etc. during the lock down period. Based on its review and current economic condition, there is no impact on the accounting policies of the company on account of COVID-19, the pandemic. The going concern status is intact.

4. Critical accounting estimates, assumptions and judgements

In the process of applying the Group's accounting policies, management has made the following estimates, assumptions and judgements, which have significant effect on the amounts recognised in the financial statement:

(a) **Income taxes**

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Group reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the financial statements.

(b) **Contingencies**

Management judgment is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Group as it is not possible to predict the outcome of pending matters with accuracy.

(c) **Allowance for uncollected accounts receivable and advances**

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible.

(d) **Insurance claims**

Insurance claims are recognised when the Group have reasonable certainty of recovery. Subsequently any change in recoverability is provided for.

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

41. Financial risk management

Financial risk factors

The Group's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to manage finances for the Group's operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Group's activities expose it to a variety of financial risks:

i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and investments. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This is based on the financial assets and financial liabilities held as of March 31, 2020 and March 31, 2019.

ii) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

iii) Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Market Risk

The sensitivity analysis excludes the impact of movements in market variables on the carrying value of post-employment benefit obligation provisions and on the non-financial assets and liabilities. The sensitivity of the relevant Statement of Profit and Loss item is the effect of the assumed changes in the respective market risks. The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The foreign exchange risk is covered under a natural hedge. The Group is not exposed to interest rate risk as most borrowings are at fixed rate.

a) Foreign exchange risk and sensitivity

The Group transacts business in Indian Rupee (Rs) and in foreign currency. The Group has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk.

The following table demonstrates the sensitivity in the USD, EURO and others to the Indian Rupee (Rs) with all other variables held constant. The impact on the Group's profit before tax and other comprehensive income due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives hedging contracts is given below:

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| Particulars | Net Receivables / (Payables) | Amount in ` | |
|--|---------------------------------|---|--|
| | | Change in currency Exchange Rate | Effect on profit /(Loss) before tax (In Rs.) |
| For the year ended March 31, 2020 | | | |
| USD | 38,45,159 | + 5% | 1,45,28,286 |
| | | -5% | (1,45,28,286) |
| EURO | 14,83,808 | + 5% | 61,63,737 |
| | | -5% | (61,63,737) |
| Others (INR Equivalent) | (4,13,96,114) | + 5% | (20,69,806) |
| | | -5% | 20,69,806 |
| For the year ended March 31, 2019 | | | |
| USD | 48,81,185 | + 5% | 1,69,08,742 |
| | | -5% | (1,69,08,742) |
| EURO | 25,05,363 | + 5% | 97,38,183 |
| | | -5% | (97,38,183) |
| TZS | 1,47,05,06,752 | + 5% | 22,03,628 |
| | | -5% | (22,03,628) |
| Others (INR Equivalent) | (7,43,36,272) | + 5% | (37,16,814) |
| | | -5% | 37,16,814 |

The assumed movement in exchange rate sensitivity analysis is based on the currently observable market environment.

Summary of exchange difference accounted in Statement of Profit and Loss:

| Particulars | Amount in ` | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2020 | For the year ended March 31, 2018 |
| Currency fluctuations | | |
| Net foreign exchange gain/(losses) shown as operating expenses | 2,79,41,686 | 2,15,15,114 |
| Total | 2,79,41,686, | 2,15,15,114 |

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The details of balances with foreign banks are as follows

| NAME OF BANKS | Currency | Amount in ` | | | |
|--|----------|---------------------|---------------------------------|---------------------|---------------------------------|
| | | As on 31.03.2020 | | As on 31.03.2019 | |
| | | Outstanding Balance | Maximum balance during the year | Outstanding Balance | Maximum balance during the year |
| EQUITY BANK ISIOLO (KENYA) | KSH | - | 423 | 423 | 423 |
| CRDB BANK (BUKOBA) | TZS | - | - | - | 4,572 |
| CRDB BANK (SUMBAWANGA) | TZS | - | 702 | 702 | 4,12,202 |
| CRDB BANK (BUKOBA) | USD | - | - | - | 7,556 |
| CRDB BANK (SUMBAWANGA) | USD | - | 3,848 | 3,848 | 3,77,015 |
| ECO BANK (ZIMBABWE) | USD | 1,055 | 2,40,815 | 3,061 | 29,29,627 |
| ECO BANK (ZIMBABWE) FCA | USD | 18,140 | 26,64,325 | 62,613 | 10,84,473 |
| BANK OF ABYSSINIA (ETHIOPIA) | ETB | 91,501 | 15,90,290 | 15,90,290 | 17,80,665 |
| PRUDENTIAL BANK LTD (GHANA) | GHS | 4,332 | 5,92,677 | 5,92,677 | 42,41,734 |
| INTERNATIONAL BANK LIBERIA LTD (LIBERIA) | USD | 3,10,935 | 8,71,686 | 37,850 | 13,72,040 |
| STANDARD BANK S.A. (MOZAMBIQUE) | MZN | 1,30,68,127 | 1,33,62,475 | 1,07,25,882 | 1,07,25,882 |
| STANDARD BANK S.A. (MOZAMBIQUE) | USD | - | - | - | 298 |
| STANBIC BANK (UGANDA) | UGX | 2,800 | 55,96,150 | 3,617 | 47,13,146 |
| BANK OF BHUTAN (BHUTAN) | BTN | 89,45,845 | 3,33,91,541 | 5,17,323 | 3,19,68,660 |
| SEYCHELLES COMMERCIAL BANK (SEYCHELLES) | SCR | 848 | 1,25,36,467 | 22,251 | 26,150 |
| SEYCHELLES COMMERCIAL BANK (SEYCHELLES) | USD | 37,682 | 37,682 | - | - |
| I & M BANK LTD. (RWANDA) | RWF | 17,759 | 71,24,729 | 4,479 | 22,41,843 |
| I & M BANK LTD. (RWANDA) | USD | 25,470 | 74,06,737 | 6,179 | 6,451 |

The balance appearing in BANK OF ABYSSINIA (ETHIOPIA), STANDARD BANK S.A. (MOZAMBIQUE) are subject to verification of bank statements and reconciliation.

(b) Interest rate risk and sensitivity

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates, any changes in the interest rates environment may impact future cost of borrowing.

With all other variables held constant, the following table demonstrates the impact of borrowing cost on floating rate portion of loans and borrowings.

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Interest rate sensitivity

| Interest rate sensitivity | Increase/Decrease in basis points | Amount in ` |
|--|--------------------------------------|--|
| | | Effect on profit/(loss) before tax |
| For the year ended March 31, 2020 | | |
| INR borrowings | +50 | (1,48,07,887) |
| | -50 | 1,48,07,887 |
| USD borrowings | +25 | (47,803) |
| | -25 | 47,803 |
| For the year ended March 31, 2019 | | |
| INR borrowings | +50 | (67,20,334) |
| | -50 | 67,20,334 |
| USD borrowings | +25 | (53,391) |
| | -25 | 53,391 |

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Commodity price risk and sensitivity

The Group is exposed to the movement in price of key raw materials in domestic and international markets. The Group has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations. The Group enter into contracts for procurement of material, most of the transactions are short term fixed price contract and a very few transactions are long term fixed price contracts.

Credit risk

The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, mutual funds and financial institutions and other financial instruments.

Trade Receivables

The Group extends credit to customers in normal course of business. Outstanding customer receivables are regularly monitored. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are mainly Government. The Group has also taken advances and security deposits from its customers to mitigate the credit risk to an extent.

The ageing of trade receivable is as below:

| Particulars | Past due | | | Amount in ` |
|-----------------------------|---------------------|---------------------|-----------------------|-----------------------|
| | upto 6 months | 6 to 12 months | Above 12 months | Total |
| As at March 31, 2020 | | | | |
| Trade receivable | | | | |
| Unsecured, Considered Good | 12,89,88,210 | 24,54,27,438 | 2,94,42,05,662 | 3,31,86,21,310 |
| Gross Total | 12,89,88,210 | 24,54,27,438 | 2,94,42,05,662 | 3,31,86,21,310 |
| Provision for doubtful | - | - | - | - |
| Net Total | 12,89,88,210 | 24,54,27,438 | 2,94,42,05,662 | 3,31,86,21,310 |

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

| As at March 31, 2019 | | | | |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Trade receivable | | | | |
| Unsecured, Considered Good | 1,01,08,27,417 | 1,32,60,59,891 | 1,65,53,82,222 | 3,99,22,69,530 |
| Gross Total | 1,01,08,27,417 | 1,32,60,59,891 | 1,65,53,82,222 | 3,99,22,69,530 |
| Provision for doubtful | - | - | - | - |
| Net Total | 1,01,08,27,417 | 1,32,60,59,891 | 1,65,53,82,222 | 3,99,22,69,530 |

Financial instruments and cash deposits

The Group considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which balances and deposits are maintained. Generally, the balances are maintained with the institutions with which the Group has also availed borrowings. The Group does not maintain significant cash and deposit balances other than those required for its day to day operations.

Liquidity risk

The Group's objective is to maintain at all times optimum levels of liquidity to meet its cash and collateral requirements. In case of temporary shortfall in liquidity to repay the bank borrowing/operational shortfall, the Group uses mix of capital infusion and borrowing from its subsidiary companies. However, the Group envisage that such shortfall is temporary and the Group would generate sufficient cash flows as per approved projections.

The table below provides undiscounted cash flows towards non-derivative financial liabilities into relevant maturity based on the remaining period at the balance sheet to the contractual maturity date.

| Particulars | Carrying Amount | On demand | Ageing as on 31st March 2020 | | | Total |
|-------------------|-----------------------|-----------------|------------------------------|-----------------------|---------------------|-----------------------|
| | | | < 6 months | 6-12 months | > 1 years | |
| | | | Interest bearing borrowings | 2,98,31,29,028 | - | |
| Trade payable | 84,07,64,915 | - | 84,07,64,915 | - | - | 84,07,64,915 |
| Other liabilities | 3,30,742 | 3,30,742 | - | - | - | - |
| Total | 3,82,42,24,685 | 3,30,742 | 92,70,01,177 | 2,89,68,92,766 | - | 3,82,42,24,685 |
| Particulars | Carrying Amount | On demand | Ageing as on 31st March 2019 | | | Total |
| | | | < 6 months | 6-12 months | > 1 years | |
| | | | Interest bearing borrowings | 1,37,38,44,320 | - | |
| Trade payable | 1,39,41,40,619 | - | 1,39,41,40,619 | - | - | 1,39,41,40,619 |
| Other liabilities | 7,60,354 | 7,60,354 | - | - | 4,06,864 | 7,60,354 |
| Total | 2,76,87,45,293 | 7,60,354 | 1,41,80,16,206 | 1,24,99,46,723 | 10,00,22,010 | 2,76,87,45,293 |

Amount in `

Interest rate & currency of borrowings

The below table demonstrate the borrowing of fixed and floating rate of interest

| Particulars | Total borrowings | Floating rate borrowings | Fixed rate borrowings | Weighted Average Rate of Borrowing (%) |
|-----------------------------------|-----------------------|--------------------------|-----------------------|--|
| | | | | |
| INR | 2,96,40,07,792 | 2,96,15,77,308 | 24,30,484 | 11.17 |
| USD (INR Equivalent) | 1,91,21,235 | 1,91,21,235 | - | 4.65 |
| Total as at March 31, 2020 | 2,98,31,29,028 | 2,98,06,98,543 | 24,30,484 | |
| INR | 1,35,24,87,891 | 1,34,40,66,861 | 84,21,030 | 10.89 |
| USD (INR Equivalent) | 2,13,56,429 | 2,13,56,429 | - | 6.16 |
| Total as at March 31, 2019 | 1,37,38,44,320 | 1,36,54,23,290 | 84,21,030 | |

Amount in `

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Competition and price risk

The Group faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

Capital risk management

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The primary objective of the Group's capital management is to maximize the shareholder value. The Group's primary objective when managing capital is to ensure that it maintains an efficient capital structure and healthy capital ratios and safeguard the Group's ability to continue as a going concern in order to support its business and provide maximum returns for shareholders. The Group also proposes to maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves. Net debt includes, interest bearing loans and borrowings, trade and other payables less cash and short term deposits.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. Net debt is calculated as loans and borrowings less cash and cash equivalents.

The Gearing ratio for FY 2019-20 and FY 2018-19 is as under:

| Particulars | Amount in ` | |
|---------------------------------|----------------------|----------------------|
| | As of March 31, 2020 | As of March 31, 2019 |
| Loans and borrowings | 2,98,31,29,028 | 1,37,38,44,320 |
| Less: Cash and cash equivalents | 4,42,78,737 | 2,17,87,678 |
| Net debt | 2,93,88,50,291 | 1,35,20,56,642 |
| Equity | 18,21,02,550 | 2,57,00,79,406 |
| Total capital | 3,12,09,52,840 | 3,92,21,36,048 |
| Gearing ratio | 94.17% | 34.47% |

The Group Plan to reduce its gearing ratio.

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

42. Fair value of financial assets and liabilities

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are recognised in the financial statements

Amount in `

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | Carrying amount | Fair Value | Carrying amount | Fair Value |
| Financial assets designated at amortised cost | | | | |
| Fixed deposits with banks | 4,41,68,578 | 4,41,68,578 | 50,98,79,944 | 50,98,79,944 |
| Cash and bank balances | 4,42,78,737 | 4,42,78,737 | 2,17,87,679 | 2,17,87,679 |
| Investments | 1,44,445 | 1,44,445 | 13,13,568 | 13,13,568 |
| Trade and other receivables | 3,31,86,21,310 | 3,31,86,21,310 | 3,99,22,69,530 | 3,99,22,69,530 |
| Other financial assets | 27,31,89,602 | 27,31,89,602 | 29,29,02,262 | 29,29,02,262 |
| | 3,68,04,02,673 | 3,68,04,02,673 | 4,81,81,52,983 | 4,81,81,52,983 |
| Financial liabilities designated at amortised cost | | | | |
| Borrowings- fixed rate | 24,30,484 | 24,30,484 | 84,21,030 | 84,21,030 |
| Borrowings- floating rate | 2,98,06,98,543 | 2,98,06,98,543 | 1,36,54,23,290 | 1,36,54,23,290 |
| Trade & other payables | 84,07,64,915 | 84,07,64,915 | 1,39,41,40,619 | 1,39,41,40,619 |
| Other financial liabilities | 3,30,742 | 3,30,742 | 7,60,354 | 7,60,354 |
| | 3,82,42,24,685 | 3,82,42,24,685 | 2,76,87,45,293 | 2,76,87,45,293 |

Fair Valuation techniques

The Group maintains policies and procedures to value financial assets and financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

- 1) Fair value of cash and deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- 2) Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group, based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. Fair value of variable interest rate borrowings is not material different from carrying values. For fixed interest rate borrowing, fair value is determined by using the discounted cash flow (DCF) method using discount rate that reflects the issuer's borrowings rate. Risk of non-performance for the Group is considered to be insignificant in valuation.
- 3) The fair value of fixed interest bearing loans, borrowings and deposits is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

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Fair Value hierarchy

The following table provides the fair value measurement hierarchy of Group's asset and liabilities, grouped into Level 1 to Level 3 as described below:

- Quoted prices / published NAV (unadjusted) in active markets for identical assets or liabilities (level 1) - It includes fair value of financial instruments traded in active markets and are based on quoted market prices at the balance sheet date and financial instruments like mutual funds for which net assets value (NAV) is published by mutual fund operators at the balance sheet date.
- Inputs other than quoted prices included within level 1). that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2). It includes fair value of the financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on the Group specific estimates. If all significant inputs required to fair value an instrument are observable then instrument is included in level 2.
Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Fair value hierarchy

The following table provides the fair value measurement hierarchy of Group's asset and liabilities, grouped into Level 1 to Level 3 as described below:

Assets measured at fair value through profit and loss account (accounted)

| Particulars | Amount in ` | | |
|---|----------------------|---------|---------|
| | As at March 31, 2020 | | |
| | Level 1 | Level 2 | Level 3 |
| Financial assets | | | |
| Current Investment - In Mutual Funds | - | - | - |
| Particulars | As at March 31, 2019 | | |
| | Level 1 | Level 2 | Level 3 |
| | | | |
| Financial assets | | | |
| Current Investment - In Mutual Funds | 10,52,413 | - | - |

Assets measured at fair value through Other Comprehensive Income (accounted)

| Particulars | Amount in ` | | |
|--|----------------------|---------|---------|
| | As at March 31, 2020 | | |
| | Level 1 | Level 2 | Level 3 |
| Financial assets | | | |
| Non Current Investments - In Quoted Investments | 1,44,445 | - | - |
| Particulars | As at March 31, 2019 | | |
| | Level 1 | Level 2 | Level 3 |
| | | | |
| Financial assets | | | |
| Non Current Investments - In Quoted Investments | 2,61,155 | - | - |

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Assets / Liabilities for which fair value is disclosed

Amount in `

| Particulars | As at March 31, 2020 | | |
|-----------------------------|----------------------|-----------|---------|
| | Level 1 | Level 2 | Level 3 |
| Borrowings-Fixed rate | | 24,30,484 | |
| Other financial liabilities | | 3,30,742 | |
| Particulars | As at March 31, 2019 | | |
| | Level 1 | Level 2 | Level 3 |
| Borrowings-Fixed rate | | 84,21,030 | |
| Other financial liabilities | | 7,60,354 | |

During the year ended March 31, 2020 and March 31, 2019, there was no transfer between Level 1 and Level 2 fair value measurements and no transfer into and out of Level 3 fair value measurements. There is no transaction/balance under level 3.

Following table describes the valuation techniques used and key inputs to valuation for level 1 of the fair value hierarchy as of March 31, 2020 and March 31, 2019, respectively:

a) Assets measured at fair value

| Particulars | Fair value hierarchy | Valuation technique | Inputs used |
|-------------------------|----------------------|--------------------------------------|-------------|
| Financial assets | | | |
| Current Investment | Level 1 | As per NAV of Mutual Fund | --- |
| Quoted Investments | Level 1 | As per Market Price of Equity Shares | --- |

b) Assets /Liabilities for which fair value is disclosed.

| Particulars | Fair Value Hierarchy | Valuation Technique | Inputs Used |
|-----------------------------|----------------------|----------------------|--|
| Other Borrowings-Fixed rate | Level 2 | Discounted Cash Flow | Prevailing interest rates in market, future pay-outs |
| Other financial liabilities | Level 2 | Discounted Cash Flow | Prevailing interest rates in market, future pay-outs |

Technofab Engineering Limited

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

43 (a) Un-hedged Position of Foreign Currency

Amount in `

| Particulars | As on 31.03.2020 | | As on 31.03.2019 | |
|----------------------------------|------------------------------------|---------------------|------------------------------------|---------------------|
| | Amount (in Foreign Currency) | Amount (In INR) | Amount (in Foreign Currency) | Amount (In INR) |
| -In Respect of Receivable | | | | |
| USD | 46,90,458 | 35,35,28,898 | 60,17,572 | 41,68,97,401 |
| EURO | 15,16,776 | 12,60,13,797 | 25,26,234 | 19,63,64,146 |
| ETB - (Ethiopian Birr) | 39,821 | 91,501 | - | - |
| GHS - (Ghanian Cedi) | 3,06,720 | 40,06,406 | 3,06,388 | 39,09,512 |
| KSH - (Kenya Shilling) | 40,17,148 | 28,82,304 | 25,43,984 | 17,51,890 |
| MZN - (Mozambican Metical) | 1,16,80,485 | 1,30,68,127 | 15,30,558 | 16,66,778 |
| TZS - (Tanzanian Shilling) | 15,72,72,941 | 51,21,034 | 1,54,18,57,475 | 4,62,18,749 |
| UGX - (Ugandan Shilling) | 80,46,21,264 | 1,59,73,233 | 1,22,79,88,126 | 2,29,01,681 |
| RWF - (Rwandan Franc) | 45,92,465 | 3,70,441 | 2,88,950 | 22,521 |
| ZWD- (Zimbabwean Dollar) | 5,065 | 1,055 | - | - |
| FJD- (Fijian Dollar) | 7,303 | 2,41,424 | - | - |
| BTN - (Bhutanese Ngultrum) | 1,78,31,007 | 1,78,31,007 | 1,24,46,677 | 1,24,46,677 |
| SCR - (Seychellois Rupee) | 6,01,370 | 32,96,952 | 3,50,217 | 17,33,573 |
| TOTAL | | 54,24,26,178 | | 70,39,12,929 |
| -In Respect of Payable | | | | |
| USD | 8,45,339 | 6,29,63,180 | 8,28,125 | 5,73,72,489 |
| USD ECB | - | - | 3,08,263 | 2,13,56,429 |
| EURO | 32,968 | 27,39,052 | 20,871 | 16,22,268 |
| ETB - (Ethiopian Birr) | 64,071 | 1,47,223 | 16,322 | 39,336 |
| GHS - (Ghanian Cedi) | 3,17,277 | 41,44,435 | 3,17,277 | 40,48,458 |
| KSH - (Kenya Shilling) | 1,38,37,638 | 99,28,505 | 1,96,68,157 | 1,35,31,692 |
| MZN - (Mozambican Metical) | - | - | 7,74,839 | 8,43,799 |
| TZS - (Tanzanian Shilling) | 18,29,12,387 | 59,55,536 | 7,13,50,723 | 21,38,811 |
| UGX - (Ugandan Shilling) | 56,79,28,365 | 1,12,74,437 | 60,99,08,032 | 1,13,74,637 |
| RWF - (Rwandan Franc) | 15,38,75,415 | 1,24,12,010 | 23,13,12,186 | 1,80,29,009 |
| BTN - (Bhutanese Ngultrum) | 5,19,95,891 | 5,19,95,891 | 5,47,11,294 | 5,47,11,294 |
| SCR - (Seychellois Rupee) | 15,36,108 | 84,21,560 | 32,70,844 | 1,61,90,680 |
| TOTAL | | 16,99,81,829 | | 20,12,58,901 |

43 (b) . Segment information

Information about primary segment

The Group is engaged primarily into one primary business segment of engineering procurement contracts for electricity, water infrastructure, oil handling systems etc.

Technofab Engineering Limited

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

44. Income tax expense

| Particulars | Amount in ` | |
|---|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
| Current tax | 47,39,500 | 87,65,000 |
| | 47,39,500 | 87,65,000 |
| Deferred tax liability/(Asset) - Relating to origination and reversal of temporary differences | 12,45,55,295 | (14,91,65,213) |
| Tax expense attributable to current year's profit | 12,45,55,295 | (14,91,65,213) |
| Tax related to earlier years | 2,14,41,439 | (6,81,131) |
| Total Tax expense | 15,07,36,234 | (14,10,81,345) |

45. Deferred income tax

The Group has accounted for deferred tax on the various adjustments between Indian GAAP and IND AS at the tax rate at which they are expected to be reversed.

The analysis of deferred tax asset is as follows:

| Particulars | Amount in ` | |
|--|---------------------------|---------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Book base and tax base of Fixed Assets | (47,578) | 3,16,04,901 |
| Carried Forward losses | - | 15,09,19,610 |
| Disallowance/Allowance(net) under Income Tax | - | (51,93,008) |
| Total : | (47,578) | 12,45,07,717 |

Component of tax accounted in OCI and Equity

| Description | Amount in ` | |
|--|---------------------------|---------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Component of OCI | | |
| Deferred Tax (Gain)/Loss on defined benefit | - | 5,49,354 |
| Deferred Tax (Gain)/Loss on fair value of non-current investment | - | (1,17,544) |

46. Retirement benefit obligations

a. Expense recognised for Defined Contribution plan

| Particulars | Amount in ` | |
|--|---------------------------|---------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Company's contribution to provident fund | 90,99,455 | 1,20,35,955 |
| Company's contribution to ESI | 2,19,184 | 4,82,711 |
| Total | 93,18,639 | 1,25,18,666 |

Technofab Engineering Limited

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

Below tables sets forth the changes in the projected benefit obligation and plan assets and amounts recognized in the Balance Sheet as of March 31, 2020 and March 31, 2019, being the respective measurement dates:

b. Movement in defined benefit obligation

| Particulars | Amount in ` | |
|---|--------------------|-----------------------------|
| | Gratuity (funded) | leave encashment (unfunded) |
| Present value of obligation - April 1, 2018 | 1,75,44,908 | 38,67,510 |
| Current service cost | 23,91,393 | 7,63,444 |
| Interest cost | 12,17,617 | 2,68,405 |
| Benefits paid | (14,44,084) | (11,28,862) |
| Re-measurements - actuarial loss/ (gain) | (15,12,623) | 3,42,645 |
| Present value of obligation - March 31, 2019 | 1,81,97,211 | 41,13,142 |
| Present value of obligation - April 1, 2019 | 1,81,97,211 | 41,13,142 |
| Current service cost | 19,24,917 | 7,83,347 |
| Interest cost | 10,44,520 | 2,36,094 |
| Benefits paid | (56,25,482) | (30,35,277) |
| Re-measurements - actuarial loss/ (gain) | 9,15,382 | 33,24,541 |
| Present value of obligation - March 31, 2020 | 1,64,56,548 | 54,21,847 |

c. Movement in Plan Assets - Gratuity

| Particulars | Amount in ` | |
|---|---------------------------|---------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Fair value of plan assets at beginning of year | 74,38,695 | 76,69,515 |
| Expected return on plan assets | 5,13,078 | 5,49,137 |
| Employer contributions | - | 6,04,468 |
| Benefits paid | (56,25,482) | (14,44,084) |
| Actuarial gain / (loss) | (1,74,159) | 59,658 |
| Fair value of plan assets at end of year | 21,52,131 | 74,38,694 |
| Present value of obligation | 1,64,56,548 | 1,81,97,211 |
| Net funded status of plan | (1,43,04,417) | (1,07,58,517) |

The components of the gratuity & leave encashment cost are as follows:

d. Recognised in profit and loss

| Particulars | Amount in ` | |
|--|------------------|------------------|
| | Gratuity | Leave encashment |
| Current Service cost | 23,91,393 | 7,63,444 |
| Interest cost | 12,17,617 | 2,68,405 |
| Expected return on plan assets | (5,49,137) | - |
| Re-measurement - Actuarial loss/(gain) | - | 3,42,645 |
| For the year ended March 31, 2019 | 30,59,873 | 13,74,494 |
| Current Service cost | 19,24,917 | 7,83,347 |
| Interest cost | 10,44,520 | 2,36,094 |
| Expected return on plan assets | (5,40,793) | - |
| Re-measurement - Actuarial loss/(gain) | - | 33,24,541 |
| For the year ended March 31, 2020 | 24,28,644 | 43,43,982 |

Technofab Engineering Limited

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

e. Recognised in other comprehensive income

| Particulars | Amount in ` |
|--|-------------|
| | Gratuity |
| Re-measurement - Actuarial gain/(loss) the year ended March 31, 2019 | 15,72,281 |
| Re-measurement - Actuarial gain/(loss) For the year ended March 31, 2020 | (10,89,541) |

f. The principal actuarial assumptions used for estimating the Group's defined benefit obligations are set out below:

| Weighted average actuarial assumptions | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Attrition rate | 20.00% | 20.00% |
| Discount Rate | 5.74% | 6.94% |
| Expected Rate of increase in salary | 6.00% | 6.00% |
| Expected Rate of Return on Plan Assets | 8.00% | 8.00% |
| Mortality rate | IALM 2012-2014 | IALM 2006-2008 |
| Expected Average remaining working lives of employees (years) | 18.85 | 21.67 |

The assumption of future salary increase takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in employment market.

g. Sensitivity analysis:

| For the year ended March 31, 2019 | | Amount in ` | |
|-----------------------------------|----------------------|-------------------------------|---------------------------------------|
| Particulars | change in Assumption | Effect on Gratuity obligation | Effect on leave encashment obligation |
| Discount rate | +1% | (7,02,367) | (1,61,600) |
| | -1% | 7,55,285 | 1,73,757 |
| Salary Growth rate | +1% | 7,54,831 | 1,73,655 |
| | -1% | (7,14,880) | (1,64,468) |

| For the year ended March 31, 2020 | | | |
|-----------------------------------|----------------------|-------------------------------|---------------------------------------|
| Particulars | change in Assumption | Effect on Gratuity obligation | Effect on leave encashment obligation |
| Discount rate | +1% | (6,21,113) | (2,29,119) |
| | -1% | 6,08,381 | 2,46,643 |
| Salary Growth rate | +1% | 6,00,957 | 2,46,634 |
| | -1% | (6,25,584) | (2,30,679) |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the Balance Sheet.

Technofab Engineering Limited

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

h. History of experience adjustments is as follows:

Estimate of expected benefit payments (In absolute terms i.e. undiscounted)

| Particulars | Amount in ` | |
|---------------------|-------------|--|
| | Gratuity | |
| Year – 2021 | 36,04,526 | |
| Year – 2022 | 57,70,458 | |
| Year – 2023 | 43,61,920 | |
| Year – 2024 | 57,24,841 | |
| Year – 2025 | 51,82,322 | |
| Year - 2026 to 2030 | 2,14,32,943 | |

i. Statement of Employee benefit provision

| Particulars | Amount in ` | |
|------------------|------------------------------|------------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Gratuity | 1,64,56,548 | 1,07,58,517 |
| Leave encashment | 54,21,847 | 41,13,142 |
| Total | 2,18,78,395 | 1,48,71,659 |

The following table sets out the funded status of the plan and the amounts recognised in the Group's balance sheet.

j. Current and non-current provision for Gratuity and leave encashment

| For the year ended March 31, 2019 | | Amount in ` | |
|-----------------------------------|--------------------|------------------|--|
| Particulars | Gratuity | Leave Encashment | |
| Current provision | 51,25,567 | 10,75,531 | |
| Non- current provision | 56,32,950 | 30,37,611 | |
| Total Provision | 1,07,58,517 | 41,13,142 | |
| For the year ended March 31, 2020 | | Amount in ` | |
| Particulars | Gratuity | Leave Encashment | |
| Current provision | 35,67,306 | 12,15,574 | |
| Non- current provision | 1,28,89,242 | 42,06,273 | |
| Total Provision | 1,64,56,548 | 54,21,847 | |

k. Employee benefit expenses

| Particulars | Amount in ` | |
|---------------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Salaries and Wages | 29,67,91,884 | 41,24,49,793 |
| Costs-defined contribution plan | 2,31,77,503 | 3,43,45,756 |
| Welfare expenses | 56,83,087 | 1,33,63,456 |
| Total | 32,56,52,474 | 46,01,59,005 |

| Particulars | Figures in no. | |
|--------------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Average no. of people employed | 203 | 418 |

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Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

OCI presentation of defined benefit plan

Gratuity is in the nature of defined benefit plan, Re-measurement gains/(losses) on defined benefit plans is shown under OCI as Items that will not be reclassified to profit or loss and also the income tax effect on the same.

Leave encashment cost is in the nature of short term employee benefits.

Presentation in Statement of Profit & Loss and Balance Sheet

Expense for service cost, net interest on net defined benefit liability (asset) is charged to Statement of Profit & Loss.

IND AS 19 do not require segregation of provision in current and non-current, however, net defined liability and assets is shown as current and non-current provision in balance sheet as per IND AS 1.

Actuarial liability for short term benefits (leave encashment cost) is shown as current and non-current provision in balance sheet.

When there is surplus in defined benefit plan, Group is required to measure the net defined benefit asset at the lower of the surplus in the defined benefit plan and the assets ceiling, determined using the discount rate specified, i.e. market yield at the end of the reporting period on government bonds, this is applicable for domestic companies, foreign company can use corporate bonds rate.

The Group assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The mortality rates used are as published by one of the leading life insurance companies in India.

47. Other disclosures

a) Auditors Remuneration

| Particulars | Amount in ` | |
|------------------------------|---------------------------|---------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| 1. Statutory Auditors | | |
| i. Audit Fee | 75,730 | 71,350 |
| ii. Other Services | 57,500 | 73,500 |
| Total | 1,33,230 | 1,44,850 |

b) Commitments

Performance guarantee issued by banks on behalf of the Group. However, none of these BG has been revoked till date.

| PARTICULARS | Amount in ` | |
|----------------------------|-----------------------------|-----------------------------|
| | 31 st March 2020 | 31 st March 2019 |
| Performance Bank Guarantee | 2,61,92,78,804 | 3,89,48,05,949 |

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48. Contingent liabilities

| PARTICULARS | Amount in ` | |
|--|-----------------------------|-----------------------------|
| | 31 st March 2020 | 31 st March 2019 |
| Disputed demand of Income Tax and Sales Tax | 3,23,74,034 | 1,42,05,309 |
| Claim against the Company not acknowledged as debt | 44,07,89,400 | 9,36,97,193 |

49. Related party transactions

In accordance with the requirements of IND AS 24, on related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported periods are:

Related party name and relationship

a. Key Management personnel

(1) Names of Related Parties

(A) Key management personnel

- (a) Avinash C. Gupta - Chairman and Whole Time Director (Upto 27.07.2019 on account of his death)
- (b) Arjun Gupta - Chairman and Managing Director (w.e.f. 14.08.2019)
- (c) Arun Mittar (Non Executive - Independent Director)
- (d) Pawan Chopra (Non Executive - Independent Director)
- (e) Anju Banerjee (Non Executive - Independent Director)
- (f) Vijay Nagarajan (Director of Subsidiary)
- (g) Karunamoy Roy (Director of Subsidiary)
- (h) Balan Padmanabhan (Director of Subsidiary)

(B) Relatives of Key Management personnel where person described in "A"

- (a) Meera Gupta
- (b) Gunjan Gupta
- (c) Sucheta Sarvadaman Nakul
- (d) Techfab International Private Limited

(C) Executive Officers

- (a) Sandeep Kumar Vij (Chief Financial Officer - Upto 28.01.2020 further relived on 30.06.2020)
- (b) Suman Kumar Verma (Company Secretary)

(D) Enterprises under Common Control / enterprises where persons described in

Technofab Engineering Limited

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

"A" above are able to exercise significant influence.

(a) Techfab Systems Private Limited

(b) Bakool Venture Private Limited

Related Party Transactions

| Description | | Current Year 2019-2020 | | | | Previous Year 2018-2019 | | | |
|-------------------------------|---------------------------------------|------------------------|---|--------------------------|---|-------------------------|---|--------------------------|---|
| | | Subsidiary Company | Other Related Parties of the Group where common control / substantial interest of Key Management Personnel exists | Key Management Personnel | Relatives of Key Managerial Personnel with whom transactions have taken place | Subsidiary Company | Other Related Parties of the Group where common control / substantial interest of Key Management Personnel exists | Key Management Personnel | Relatives of Key Managerial Personnel with whom transactions have taken place |
| Remuneration Paid | | | | | | | | | |
| | Avinash Chander Gupta | - | - | 5,095,161 | - | - | - | 15,795,000 | - |
| | Arjun Gupta | - | - | 14,850,000 | - | - | - | 14,850,000 | - |
| | Vijay Nagarajan | - | - | 2,875,640 | - | - | - | 4,420,960 | - |
| | Ashutosh Jagga | - | - | - | - | - | - | 986,081 | - |
| | Sandeep Kumar Vij | - | - | 5,027,373 | - | - | - | 5,053,108 | - |
| | Suman Kumar Verma | - | - | 1,415,339 | - | - | - | 1,159,150 | - |
| Dividend Paid | | | | | | | | | |
| | Avinash Chander Gupta | - | - | - | - | - | - | 6,626,192 | - |
| | Arjun Gupta | - | - | - | - | - | - | 865,744 | - |
| | Nakul Gupta | - | - | - | - | - | - | - | 942,528 |
| | Meera Gupta | - | - | - | - | - | - | - | 1,028,642 |
| | Gunjan Gupta | - | - | - | - | - | - | - | 23,000 |
| | Sucheta Sarvadaman Nakul | - | - | - | - | - | - | - | 23,000 |
| | Bakool Venture Private Limited | - | - | - | - | - | 308,056 | - | - |
| | Techfab International Private Limited | - | - | - | - | - | - | - | 141,868 |
| | Techfab Systems Private Limited | - | - | - | - | - | 157,022 | - | - |
| Sitting Fees Paid | | | | | | | | | |
| | Pawan Chopra | - | - | 440,000 | - | - | - | 680,000 | - |
| | Arun Mitter | - | - | 440,000 | - | - | - | 680,000 | - |
| | Anju Banerjee | - | - | 440,000 | - | - | - | 680,000 | - |
| Professional Fees Paid | | | | | | | | | |
| | Balan Padmanabhan | - | - | 1,378,200 | - | - | - | 1,080,000 | - |
| Material Purchased | | | | | | | | | |
| | Techfab International Pvt. Ltd. | | | | | | | | 55,003,751 |

Technofab Engineering Limited

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

| | | | | | | | | |
|---------------------------------|---|---|---|---|---|---|---|-----------|
| | - | - | - | - | - | - | - | - |
| Loan / Advance Received | | | | | | | | |
| Techfab International Pvt. Ltd. | - | - | - | - | - | - | - | 5,000,000 |

Related Party Balances

| Description | Current Year 2019-2020 | | | | Previous Year 2018-2019 | | | |
|---|------------------------|---|--------------------------|---|-------------------------|---|--------------------------|---|
| | Subsidiary Company | Other Related Parties of the Group where common control / substantial interest of Key Management Personnel exists | Key Management Personnel | Relatives of Key Managerial Personnel with whom transactions have taken place | Subsidiary Company | Other Related Parties of the Group where common control / substantial interest of Key Management Personnel exists | Key Management Personnel | Relatives of Key Managerial Personnel with whom transactions have taken place |
| Payable in respect of remuneration & commission | | | | | | | | |
| Avinash Chander Gupta | - | - | 9,042,642 | - | - | - | 8,009,944 | - |
| Arjun Gupta | - | - | 8,903,911 | - | - | - | 6,291,306 | - |
| Nakul Gupta | - | - | - | 1,357,601 | - | - | - | 1,357,601 |
| Vijay Nagarajan | - | - | 1,551,210 | - | - | - | 1,919,243 | - |
| Balan Padmanabhan | - | - | 857,929 | - | - | - | 350,000 | - |
| Sandeep Kumar Vij | - | - | 3,383,740 | - | - | - | 2,139,795 | - |
| Suman Kumar Verma | - | - | 850,203 | - | - | - | 373,839 | - |
| Payable in respect Advance | | | | | | | | |
| Techfab International Pvt. Ltd. | - | - | - | 2,257,322 | - | - | - | 2,257,322 |
| Receivable in respect of advance to subsidiaries & other related parties | | | | | | | | |
| Techfab International Pvt. Ltd. | - | - | - | - | - | - | - | - |

Remuneration to Key Managerial Personnel (KMP)

| Particulars | Amount in ` | |
|------------------------------|---------------------------|---------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Short Term Employee benefits | 2,92,63,513 | 4,22,64,299 |
| Post Employment benefits | | |
| - Defined Contribution Plans | 18,98,181 | 28,27,235 |
| Total | 3,11,61,694 | 4,50,91,534 |

Technofab Engineering Limited

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

50. Earnings per share

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

| Particulars | Number of shares | |
|---|---------------------------|---------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Issued equity shares | 10,490,000 | 1,04,90,000 |
| Weighted average shares outstanding - Basic and Diluted – A | 10,490,000 | 1,04,90,000 |

| Particulars | Amount in ` | |
|----------------------------------|---------------------------|---------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Profit and loss after tax – B | (2,38,67,70,603) | (25,64,90,077) |
| Basic Earnings per share (B/A) | (227.53) | (24.45) |
| Diluted Earnings per share (B/A) | (227.53) | (24.45) |

The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

51. Financial information pursuant to Schedule III of the Companies Act, 2013

(Amount in Rs.)

| S.No. | Name of the entity in the group | Net Assets i.e. total assets minus total liabilities | | Share in profit and loss after tax | | Share in other comprehensive income | | Share in total comprehensive income | |
|---------------------|---|--|---------------------|--------------------------------------|------------------------|---|-------------------|---|------------------------|
| | | As % of consolidated net assets | (Amount in Rs.) | As % of consolidated profit and loss | (Amount in Rs.) | As % of consolidated other Comprehensive income | (Amount in Rs.) | As % of consolidated Total Comprehensive income | (Amount in Rs.) |
| Parent | | | | | | | | | |
| | Technofab Engineering Limited | 31% | 56,764,742 | 101% | (2,405,399,762) | 100% | 1,206,251 | 101% | (2,406,606,013) |
| Subsidiaries | | | | | | | | | |
| 1 | Arihant Flour Mills Pvt Ltd | 86% | 156,450,116 | -1% | 21,532,637 | - | - | -1% | 21,532,637 |
| 2 | Woodlands Instruments Pvt Ltd | 12% | 21,569,930 | 0% | (2,861,095) | - | - | 0% | (2,861,095) |
| 3 | Rivu Infrastructural Developers Pvt Ltd | -1% | (2,336,196) | 0% | (42,383) | - | - | 0% | (42,383) |
| | Consol adjustments | -28% | (50,346,042) | - | - | - | - | - | - |
| | Total | 100% | 182,102,550 | 100% | (2,386,770,603) | 100% | -1,206,251 | 100% | (2,387,976,854) |

Technofab Engineering Limited

Notes to the Consolidated Financial Statements for the year ended 31st March, 2020

52. The Company was unable to complete various projects in time, performance bank guarantees of the Company were also invoked by other parties, and non-recovery of its funds due to various reasons and hence defaulted on repayment of dues to lenders, consequently the lenders have classified the loan balances of the Company as non-performing assets:

- (a) Bank of India on 07.06.2019
- (b) Bank of Baroda on 08.07.2019
- (c) State Bank of India on 27.06.2019
- (d) United Bank of India on 26.06.2019
- (e) Axis Bank on 30.06.2019
- (f) IDBI Bank on 25.09.2019

53. The Company has incurred significant losses during the year. The networth of the company has largely been eroded. The Company has delayed/defaulted in payment of loans and interest and loan accounts have been classified as non-performing assets by banks. Due to fund constraints and other reasons the company has not been able to complete projects as expected, resulting to invocation of bank guarantees/performance guarantees. Notwithstanding the above, the Consolidated financial statements of the Company have been prepared on going concern basis as management believes that the Company would be able to ultimately establish profitable operations, meet its commitments and reduce debt.

54. Previous year figures have been regrouped / rearranged, wherever considered necessary to conform to current year's classification.

55. Notes 1 to 55 are annexed and form integral part of Financial Statements.

As per our report attached

For G C Agarwal & Associates
Chartered Accountants
Firm Regn. No. 017851N

For and on behalf of the Board of Directors

G C Agarwal

Proprietor
M. No. 083820

Arjun Gupta
Chairman & Whole Time
Director
DIN- 00012093

PLACE : New Delhi
Dated: 11-02-2021

Suman Kumar Verma
Company Secretary
M. No. F7409

Shiam Narain Tandon
Chief Financial Officer
PAN. ACTPT4052A