

Narhari Engineering Works

Balance Sheet as at 31 March 2022

(All amount are in INR lakhs, unless otherwise stated)

Particulars	Note	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	4	302.97	309.06
Financial assets			
Other financial assets	5	8.28	2.99
Deferred tax assets	6	2.69	5.03
Other non-current assets	7	-	8.50
Non-current tax assets (net)	8	1.70	0.55
Total non-current assets		315.64	326.13
Current assets			
Inventories	9	470.54	261.94
Financial assets			
Trade receivables	10	308.79	254.30
Cash and cash equivalents	11	49.68	24.13
Bank balances other than cash and cash equivalents	12	14.60	22.24
Loans	13	552.65	552.60
Other financial assets	14	1.00	1.54
Other current assets	15	20.20	11.61
Total current assets		1,417.46	1,128.35
Total assets		1,733.10	1,454.48
CAPITAL AND LIABILITIES			
Capital			
Partners capital contribution	16	952.72	1,168.84
Total capital		952.72	1,168.84
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	17	-	11.34
Total non-current liabilities		-	11.34
Current liabilities			
Financial liabilities			
Borrowings	18	83.09	56.43
Trade payables	19	-	-
- Micro and small enterprises		-	-
- Other than micro and small enterprises		311.70	190.54
Other financial liabilities	20	7.16	8.13
Other current liabilities	21	374.63	16.41
Provisions	22	3.66	2.79
Current tax liabilities (net)	23	0.14	-
Total current liabilities		780.38	274.30
Total liabilities		780.38	285.64
Total capital and liabilities		1,733.10	1,454.48

The accompanying notes forms an integral part of these financial statements

For Saini Pati Shah & Co LLP

Chartered Accountants

Firm's Registration No: 137904W/W100622

Som Nath Saini
Partner
Membership No: 093079



Place: Mumbai
Date: 27 May 2022

For Narhari Engineering Works

Venkaresh Uchil
Partner

Place: Mumbai
Date: 27 May 2022

Vinay Uchil
Partner

Place: Mumbai
Date: 27 May 2022



Narhari Engineering Works

Statement of profit and loss for the year ended 31 March 2022

(All amount are in INR lakhs, unless otherwise stated)

Particulars	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
Income			
Revenue from operations	24	1,382.64	721.50
Other income	25	10.73	4.39
Total income		1,393.37	725.89
Expenses			
Cost of materials consumed	26	870.23	362.83
Changes in inventories of finished goods and work in progress	27	(28.57)	(6.21)
Employee benefits expenses	28	133.80	134.04
Finance costs	29	10.94	13.83
Depreciation and amortization expense	30	32.34	31.26
Other expenses	31	172.31	115.15
Total expenses		1,191.05	650.90
Profit before tax		202.32	74.99
Income tax expense / (credit):			
Current tax		69.39	25.30
Adjustment in respect of tax for earlier years		0.72	0.94
Deferred tax charge / (credit)		2.33	(0.82)
		72.44	25.42
Profit after tax		129.88	49.57
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans		-	-
Income tax relating to items that will not be reclassified to profit or loss		-	-
Other comprehensive income / (loss) for the year		-	-
Total comprehensive income for the year		129.88	49.57

The accompanying notes forms an integral part of these financial statements

For Saini Pati Shah & Co LLP

Chartered Accountants

Firm's Registration No: 137904W/W100622



Som Nath Saini
Partner

Membership No: 093079

Place: Mumbai
Date: 27 May 2022



For Narhari Engineering Works


Venkatesh Uchil
Partner

Place: Mumbai
Date: 27 May 2022


Vinay Uchil
Partner

Place: Mumbai
Date: 27 May 2022



Narhari Engineering Works

Cash flow statement for the year ended 31 March 2022

(All amount are in INR lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Cash flows from operating activities		
Profit before tax for the year	202.32	74.99
Adjustments:		
Depreciation and amortization	32.34	31.26
Finance costs	10.94	13.83
Liabilities no longer required written back	(1.50)	-
Allowance for expected credit loss	(6.67)	2.33
Bad debt written off	26.04	-
Loss on sale of property, plant and equipment (net)	0.28	0.47
Operating cash flows before working capital changes	263.75	122.88
Working capital movements:		
(Increase) / Decrease in inventories	(208.60)	(61.99)
(Increase) / Decrease in trade receivables	(73.86)	28.56
(Increase) / Decrease in bank balances other than cash and cash equivalents	7.64	(16.15)
(Increase) / Decrease in loans	(0.05)	(0.43)
(Increase) / Decrease in other financial assets	(4.75)	13.72
(Increase) / Decrease in other assets	(0.09)	4.58
Increase / (Decrease) in trade payables	122.66	2.51
Increase / (Decrease) in other financial liabilities	(0.60)	2.57
Increase / (Decrease) in other liabilities	358.22	(4.05)
Increase / (Decrease) in provisions	0.87	(0.88)
Cash generated from operations	465.19	91.32
Income taxes paid, net	(71.11)	(33.79)
Net cash flows generated from / (used in) operating activities (A)	394.08	57.53
Cash flows from investing activities		
Purchase of property plant and equipment (including movement in capital advances and creditors for property, plant and equipment)	(26.66)	(23.70)
Proceeds from sale of property, plant and equipment	0.13	8.40
Net cash flows generated from / (used in) investing activities (B)	(26.53)	(15.30)
Cash flows from financing activities		
Proceeds from / (repayment of) non current borrowings (net)	(35.92)	(45.65)
Proceeds / (repayment of) current borrowings (net)	51.24	(2.92)
Finance costs paid	(11.32)	(14.42)
Current capital withdrawn by partner	(346.00)	-
Net cash flows generated from / (used in) financing activities (C)	(342.00)	(62.99)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	25.55	(20.76)
Cash and cash equivalents at the beginning of the year	24.13	44.89
Cash and cash equivalents at the end of the year	49.68	24.13
Notes to cash flow statement:		
1. Component of cash and cash equivalents:		
Cash on hand	0.16	0.12
Balances with banks		
- in current accounts	49.52	24.01
Total cash and cash equivalents	49.68	24.13

The accompanying notes forms an integral part of these financial statements

For Saini Pati Shah & Co LLP

Chartered Accountants

Firm's Registration No: 137904W/W100622

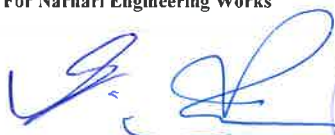


Som Nath Saini
Partner
Membership No: 093079

Place: Mumbai
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For Narhari Engineering Works


Venkatesh Uchil
Partner

Place: Mumbai
Date: 27 May 2022


Vinay Uchil
Partner

Place: Mumbai
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Narhari Engineering Works

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

(All amounts are in INR lakhs, unless otherwise stated)

1. Firm's Information

Narhari Engineering Works ("the Firm") was incorporated as a partnership firm on 1 March 1993. The Firm is engaged in the business of designing, manufacturing and servicing of electric motors and its accessories. The Firm is a subsidiary of Marine Electricals (India) Limited which was earlier listed on Small and Medium Enterprises ("SME") platform named EMERGE of National Stock Exchange of India ("NSE") and which got migrated to NSE main board with effect from 02 December 2020. As the Firm is a subsidiary of an entity listed on NSE main board, the financial statements of the Firm are prepared in accordance Indian Accounting Standards ("Ind AS").

2. Statement of compliance and basis of preparation and presentation

2.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") and in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act.

These financial statements for the year ended 31 March 2022 were authorised and approved on 27 May 2022 by the Partners.

2.2 Basis of preparation and measurement

These financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period (refer accounting policy regarding financial instruments).

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Firm takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

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

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

Level 1- Quoted (Unadjusted) marked prices in the active markets for identical assets or liabilities.

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

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



Narhari Engineering Works

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

(All amounts are in INR lakhs, unless otherwise stated)

2.3 Current Versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Firm's normal operating cycle. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Firm has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

2.4 Critical accounting judgements and use of estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. The actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision or future periods if the revision affects both current and future periods.

Accounting estimates and judgements are used in various line items in the financial statements for e.g.:

Income taxes

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

Contingencies

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

Expected credit losses on financial assets

The impairment provisions of financial assets and contract assets are based on assumptions about risk of default and expected timing of collection. The Firm uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Firm's past history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

Effective Interest Rate (EIR) Method:

The Firm recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to other income/expense that are integral parts of the instrument.

Fair value measurements and valuation processes:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation technique that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



Narhari Engineering Works

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

(All amounts are in INR lakhs, unless otherwise stated)

3. Significant Accounting Policies

3.1 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Firm's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

3.2 Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are capitalised on the carrying amount or recognised as a separate asset, as appropriate, only when future economic benefits associated with the item are probable to flow to the Firm and cost of the item can be measured reliably. All other repair and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

Depreciation on property, plant and equipment is provided as per written down value method as per the rates prescribed under Income-tax Act, 1961.

3.3 Foreign currency translation

Initial recognition

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

Conversion

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

Exchange differences

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

3.4 Taxes

Tax expense comprises of current and deferred tax.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.



Narhari Engineering Works

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

(All amounts are in INR lakhs, unless otherwise stated)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3.5 Inventories

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods, including freight, octroi and other levies.

Cost is determined under the weighted average cost method and includes all costs incurred in bringing the inventories to their present location and condition.

Cost of finished goods and work in progress further includes direct labour and an appropriate share of production overheads as applicable.

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

Due allowances are made for defective, obsolete and slow-moving inventory, wherever necessary, based on management estimates and past experiences of the Firm.

3.6 Revenue recognition

Revenue from contract with customers is recognized when the Firm satisfies the performance obligation by transfer of control of promised product or service to customers in an amount that reflects the consideration which the Firm expects to receive in exchange for those products or services. Control is defined as the ability to direct the use of and obtain substantially all of the economic benefits from an asset. Revenue excludes taxes collected from customers.

Revenue is measured based on the transaction price, which is the expected consideration to be received, to the extent that it is highly probable that there will not be a significant reversal of revenue in future periods. If the consideration in a contract includes a variable amount, at the inception of the contract, the Firm estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer.



Narhari Engineering Works

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

(All amounts are in INR lakhs, unless otherwise stated)

At the inception of the contract, the Firm identifies the goods or services promised in the contract and assess which of the promised goods or services shall be identified as separate performance obligations. Promised goods or services give rise to separate performance obligations if they are capable of being distinct.

Revenue from the delivery of products is recognised at the point in time when control over the products is passed to the customers, which is determined based on the individual terms agreed in the customer contract. Revenue from support services is recognized on rendering of services in accordance with the contractual agreement with the customers.

Contract balances:

The Firm classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. A receivable is a right to consideration that is unconditional upon passage of time. Contract asset, which is presented as unbilled revenue, is classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

A contract liability is the obligation to transfer goods or services to a customer for which the Firm has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Firm transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Firm performs under the contract. Contract liabilities include, and are presented as 'Revenue received in advance' and 'Advances from customers'.

3.7 Other income

Interest income

Interest income is recognized as it accrues in the statement of profit and loss using effective interest rate method.

Duty drawback

Duty drawback is recognized basis entitlement upon exports made. Provision is made for duty drawback entitlement pending to be received towards end of the year on exports made during the year.

Net gain loss on fair value change

The Firm recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL on net basis. However, net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the statement of profit and loss.

3.8 Financial instruments:

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.

i. Financial assets

Initial recognition and measurement

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as:

- Debt instruments assets at amortised cost
- Equity instrument measured at fair value through profit or loss (FVTPL)



Narhari Engineering Works

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

(All amounts are in INR lakhs, unless otherwise stated)

When assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit and loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

Debt instruments at amortised cost

A debt instrument is measured at amortised cost (net of any write down for impairment) if both the following conditions are met:

- the asset is held to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes), and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

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

Financial assets at fair value through OCI (FVTOCI)

A financial asset that meets the following two conditions is measured at fair value through OCI unless the asset is designated at fair value through profit and loss under fair value option.

- The financial asset is held both to collect contractual cash flows and to sell.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI. However, the Firm recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial assets at fair value through profit and loss (FVTPL)

FVTPL is a residual category for Firm's investment instruments. Any instruments which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

All investments included within the FVTPL category are measured at fair value with all changes recognized in the Profit and Loss

In addition, the Firm may elect to designate an instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Derecognition

When the Firm has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; it evaluates if and to what extent it has retained the risks and rewards of ownership.

A financial asset (or, where applicable, a part of a financial asset or part of a Firm of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- Based on above evaluation, either
 - (a) the Firm has transferred substantially all the risks and rewards of the asset, or



Narhari Engineering Works

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

(All amounts are in INR lakhs, unless otherwise stated)

(b) the Firm has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Firm continues to recognise the transferred asset to the extent of the Firm's continuing involvement. In that case, the Firm also recognises an associated liability. The transferred asset and the associated liability are measured on a bases that reflect the rights and obligations that the Firm has retained.

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

ii. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss or at amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Firm's financial liabilities include trade payables and other payables.

Subsequent measurement

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

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

Derecognition

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

iii. Offsetting of financial instruments

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



Narhari Engineering Works

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

(All amounts are in INR lakhs, unless otherwise stated)

iv. Reclassification of financial assets

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

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash in hand and short-term investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

3.10 Provisions, contingent liabilities and contingent assets

Provision

Provisions are recognised when the Firm has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provision are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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

Contingent liabilities and contingent assets

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 Firm 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 recognized in the financial statements. However, it is disclosed only when an inflow of economic benefits is probable.

3.11 Government grants

Grants from the government are recognised where there is reasonable assurance that the grant will be received and the Firm will comply with required conditions. Export incentive under duty drawback are accrued when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist.



Narhari Engineering Works

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

(All amounts are in INR lakhs, unless otherwise stated)

3.12 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

3.1 Leases

At inception of contract, the Firm assesses whether the Contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Firm allocates consideration in the contract to each lease component on the basis of their relative standalone price.

As a lessee:

Leases are recognised as a Right-of-Use (RoU) asset at cost with a corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets in accordance with Ind AS 116 'Leases'.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs etc.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

For lease liabilities at the commencement date, the Firm measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

For short-term and low value leases, the Firm recognizes the lease payments as an operating expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

As a lessor:

Leases in which the Firm does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income on such operating leases are recognised in the statement of profit and loss on an accrual basis in accordance with the lease agreement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.



Narhari Engineering Works

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

(All amounts are in INR lakhs, unless otherwise stated)

3.13 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit and loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Firm has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3.14 Trade and other payables

These amounts represent liabilities for goods and services provided to the Firm prior to the end of the 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.

3.15 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Firm.



Narhari Engineering Works

Notes to the financial statements for the year ended 31 March 2022
(All amount are in INR lakhs, unless otherwise stated)

4 Property, plant and equipment

Particulars	Freehold land	Buildings	Plant and machinery	Computers	Furniture and fixtures	Vehicles	Office equipments	Total
Gross Block								
As at 01 April 2020	115.97	38.38	110.82	0.67	5.47	85.50	3.42	360.23
Additions	-	-	17.13	0.58	0.14	4.85	1.00	23.70
Disposals	-	-	-	-	-	(17.56)	(0.16)	(17.72)
As at 31 March 2021	115.97	38.38	127.95	1.25	5.61	72.79	4.26	366.21
 As at 01 April 2021	115.97	38.38	127.95	1.25	5.61	72.79	4.26	366.21
Additions	-	-	23.55	-	1.96	-	1.15	26.66
Disposals	-	-	-	-	-	-	(1.02)	(1.02)
As at 31 March 2022	115.97	38.38	151.50	1.25	7.57	72.79	4.39	391.85
 Accumulated depreciation:								
As at 01 April 2020	-	3.84	16.68	0.23	0.66	12.82	0.51	34.74
Charge for the year	-	3.45	16.38	0.33	0.59	9.94	0.57	31.26
Disposals	-	-	-	-	-	(8.71)	(0.13)	(8.84)
As at 31 March 2021	-	7.29	33.06	0.56	1.25	14.05	0.95	57.16
 As at 01 April 2021	-	7.29	33.06	0.56	1.25	14.05	0.95	57.16
Charge for the year	-	3.11	18.89	0.28	0.72	8.81	0.54	32.34
Disposals	-	-	-	-	-	-	(0.61)	(0.61)
As at 31 March 2022	-	10.40	51.95	0.84	1.96	22.86	0.87	88.88
Net block:								
As at 31 March 2021	115.97	31.09	94.89	0.69	4.36	58.74	3.31	309.06
As at 31 March 2022	115.97	27.98	99.55	0.41	5.61	49.93	3.52	302.97

Note:

Refer note 17 and 18 for information on property, plant and equipment pledged as security by the Firm.



Narhari Engineering Works

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

(All amount are in INR lakhs, unless otherwise stated)

5 Other financial assets (Non-current)

Particulars	As at 31 March 2022	As at 31 March 2021
Margin money deposits*	8.28	2.99
	<u>8.28</u>	<u>2.99</u>

* The deposits are pledged against bank guarantees issued.

6 Deferred tax assets

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred tax assets:		
Measurement of financial assets and liabilities at amortised cost, net	2.69	5.03
	<u>2.69</u>	<u>5.03</u>

7 Other non-current assets

Particulars	As at 31 March 2022	As at 31 March 2021
Capital advances	-	8.50
	<u>-</u>	<u>8.50</u>

8 Non-current tax assets (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Advance tax and tax deducted at source (net of provision for tax)	1.70	0.55
	<u>1.70</u>	<u>0.55</u>



Narhari Engineering Works

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

(All amount are in INR lakhs, unless otherwise stated)

9 Inventories

(valued at lower of cost or net realisable value, unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
Raw materials	414.23	234.20
Work in progress	9.06	6.41
Finished goods	47.25	21.33
	470.54	261.94

Refer note 18 for details of inventories pledged against borrowings by the Firm.

10 Trade receivables

Particulars	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good		
Trade receivables	316.49	268.67
Less: Allowance for expected credit loss	(7.70)	(14.37)
	308.79	254.30

Refer note 18 for details of trade receivables pledged against borrowings by the Firm.

Refer note 33 for details about related party trade receivables.

Refer note 39 for information about credit risk and market risk of trade receivables.

For trade receivable ageing refer note 40.

11 Cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Cash on hand	0.16	0.12
Balances with banks:		
- in current accounts	49.52	24.01
	49.68	24.13

12 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Margin Money Deposit*	14.60	22.24
	14.60	22.24

* The deposits are pledged against bank guarantees issued.

13 Loans (Current)

Particulars	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good:		
Loans to others	550.00	550.00
Staff loans and advances	2.65	2.60
	552.65	552.60

Refer note 39 for information about credit risk and market risk of loans.

Note:

There are no outstanding loans or advances in the nature of loans granted to partners and their related parties either severally or jointly with any other person.



Narhari Engineering Works

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

(All amount are in INR lakhs, unless otherwise stated)

14 Other financial assets (Current)

Particulars	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good:		
Security deposits	0.73	1.09
Interest accrued on deposit	0.27	0.44
	1.00	1.54

Refer note 39 for information about credit risk and market risk of other financial assets.

15 Other current assets

Particulars	As at 31 March 2022	As at 31 March 2021
Balances with government authorities	2.73	-
Advances to suppliers	14.19	6.77
Prepaid expenses	3.28	4.83
	20.20	11.61



Narhari Engineering Works

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

(All amount are in INR lakhs, unless otherwise stated)

16 Partners capital contribution

Particulars	As at 31 March 2022	As at 31 March 2021
Fixed capital contribution		
Marine Electricals (India) Limited	400.00	400.00
Venkatesh K. Uchil	50.00	50.00
Vinay K. Uchil	50.00	50.00
	500.00	500.00
Current capital contribution		
Marine Electricals (India) Limited	418.08	660.18
Venkatesh K. Uchil	17.32	4.33
Vinay K. Uchil	17.32	4.33
	452.72	668.84
	952.72	1,168.84

Name of Partner	Opening balance as at 01 April 2021	Withdrawal	Profit for the year	Closing balance as at 31 March 2022
Current capital contribution				
Marine Electricals (India) Limited	660.18	346.00	103.90	418.08
Vinay K. Uchil	4.33	-	12.99	17.32
Venkatesh K. Uchil	4.33	-	12.99	17.32
	668.84	346.00	129.88	452.72

Name of Partner	Opening balance as at 01 April 2020	Withdrawal	Profit for the year	Closing balance as at 31 March 2021
Current capital contribution				
Marine Electricals (India) Limited	620.53	-	39.65	660.18
Vinay K. Uchil	(0.63)	-	4.96	4.33
Venkatesh K. Uchil	(0.63)	-	4.96	4.33
	619.27	-	49.57	668.84



Narhari Engineering Works

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

(All amount are in INR lakhs, unless otherwise stated)

17 Borrowings (Non-current)

Particulars	As at 31 March 2022		As at 31 March 2021	
	Non current	Current	Non current	Current
Secured:				
Term loans:				
From banks:				
Vehicle loan {refer note (a)}	-	1.49	1.49	17.11
Unsecured:				
Term loans:				
From banks:				
Other term loan {refer note (b)}	-	7.91	9.85	16.87
	<u>-</u>	<u>9.40</u>	<u>11.34</u>	<u>33.98</u>

Notes:

- (a) Indian rupee vehicle loan from ICICI Bank Limited outstanding of Rs 1.49 Lakhs as at 31 March 2022 (31 March 2021: Rs 18.60 Lakhs) is secured against hypothecation of vehicle and is repayable in 60 monthly installments. The loan carries an interest of 8.26% p.a. (31 March 2021: 8.26% p.a.).
- (b) Indian rupee term loan from Deutsche Bank outstanding of Rs 7.91 Lakhs as at 31 March 2022 (31 March 2021: Rs 26.72 Lakhs). The loan is unsecured and is repayable in 36 monthly installments. The loan carries an interest of 16.10% p.a. (31 March 2021: 18.00%).



Narhari Engineering Works

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

(All amount are in INR lakhs, unless otherwise stated)

18 Borrowings (Current)

Particulars	As at 31 March 2022	As at 31 March 2021
Secured:		
Cash credits from banks {refer note below}	73.69	22.45
Current maturities of long-term borrowings	9.40	33.98
	83.09	56.43

Note:

Cash credit facility from DCB Bank Limited outstanding of Rs 73.69 lakhs as at 31 March 2022 (31 March 2021: Rs 22.45 lakhs) is carrying interest of EBLR + credit risk premium, as applicable (31 March 2021: 3M MCLR + Spread, as applicable) is repayable on demand. These are secured by hypothecation of stock & book debts & current assets. The loan is collaterally secured by hypothecation of entire Plant & Machinery, furniture and fixtures and registered mortgage of property situated at 3/B, Shri Industrial Estate, Near Dhavale Hospital, Boisar Road, Palghar - 401404.

The facility is backed by personal guarantee of Mr. Venkatesh Uchil and Mr. Vinay Uchil and corporate guarantee of Marine Electricals (India) Limited.

19 Trade payables

Particulars	As at 31 March 2022	As at 31 March 2021
Total outstanding dues to micro and small enterprises (Refer note 34)	-	-
Total outstanding dues to creditors other than micro and small enterprises*	311.70	190.54
	311.70	190.54

* For details about related party trade payables, refer note 33.

For trade payables ageing, refer note 41.

20 Other financial liabilities (Current)

Particulars	As at 31 March 2022	As at 31 March 2021
Interest accrued but not due on borrowings	0.12	0.49
Employee dues payable	7.04	7.64
	7.16	8.13

21 Other current liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Contract liabilities	364.82	10.32
Statutory dues payable	9.81	6.09
	374.63	16.41

22 Provisions (Current)

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits:		
Gratuity	3.05	2.00
Compensated absences	0.61	0.79
	3.66	2.79

23 Current tax liabilities (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for tax (net of advance tax)	0.14	-
	0.14	-



Narhari Engineering Works

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

(All amount are in INR lakhs, unless otherwise stated)

24 Revenue from operations

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from contract with customers:		
Sale of products	1,304.98	685.20
Sale of services	77.66	36.15
	<u>1,382.64</u>	<u>721.35</u>
Other operating revenues		
Duty drawback	-	0.15
	<u>1,382.64</u>	<u>721.50</u>

Disaggregation of revenue:

The Firm has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

Revenue by geography:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
- Within India	1,382.64	712.54
- Outside India	-	8.81
	<u>1,382.64</u>	<u>721.35</u>

Revenue by time:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Over a period of time	-	-
At a point in time	1,382.64	721.35
	<u>1,382.64</u>	<u>721.35</u>

Reconciliation of revenue recognised with contract price:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Contract price	1,382.64	721.35
Adjustments for:		
Claims and rebates	-	-
	<u>1,382.64</u>	<u>721.35</u>

Trade receivables and contract balances:

The Firm classifies the right to consideration in exchange for deliverables as either a receivable or as contract asset.

A receivable is a right to consideration that is unconditional upon passage of time.

The contract assets primarily relate to the Firm's right to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the right become unconditional.

The contract liabilities primarily relate to the advance consideration received from customers. Contract liabilities are presented in note 21.

Trade receivables are presented net off loss allowance in note 10

Movement in contract balances:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Movement in contract liabilities:		
Opening balances as on 1 April	10.32	18.21
Less: Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	(6.51)	(15.88)
Add: Deferred revenue and advance from customers	361.00	7.99
Closing balance as on 31 March	<u>364.82</u>	<u>10.32</u>



Narhari Engineering Works

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

(All amount are in INR lakhs, unless otherwise stated)

25 Other income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income on:		
- term deposits	2.56	1.87
- others	-	0.59
Sales tax refund	-	1.93
Expected credit loss no longer required written back	6.67	-
Liabilities no longer required written back	1.50	-
	10.73	4.39

26 Cost of materials consumed

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Inventory of materials at the beginning of the year	234.20	178.42
Add: Purchases	1,050.26	418.61
	1,284.46	597.03
Less: Inventory of materials at the end of the year	414.23	234.20
	870.23	362.83

27 Changes in inventories of finished goods and work in progress

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Inventories at the beginning of the year:		
Work in progress	6.41	2.30
Finished goods	21.33	19.23
	27.74	21.53
Inventories at the end of the year:		
Work in progress	9.06	6.41
Finished goods	47.25	21.33
	56.31	27.74
	(28.57)	(6.21)

28 Employee benefits expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, wages and allowances	117.53	107.28
Contribution to provident and other funds	8.76	8.97
Gratuity	0.78	12.72
Compensated absences	5.61	4.77
Staff welfare	1.12	0.30
	133.80	134.04

29 Finance costs

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest expense on:		
- borrowings from banks and others	5.27	10.10
- statutory payments	-	0.15
Bank charges	5.67	3.58
	10.94	13.83



Narhari Engineering Works

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

(All amount are in INR lakhs, unless otherwise stated)

30 Depreciation and amortization expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation on property, plant and equipment	32.34	31.26
	32.34	31.26

31 Other expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Rent expenses (Refer note 38)	0.49	-
Power and fuel	8.90	7.52
Repair and maintenance		
- plant and machinery	5.12	1.46
- others	3.71	2.48
Vehicle running expenses	7.06	2.48
Rates and taxes	0.22	0.47
Insurance	3.10	3.24
Liquidation damages	14.56	2.47
Inspection charges	1.43	0.48
Clearing and forwarding charges	11.07	5.73
Travelling and conveyance	2.74	2.78
Postage and communication	1.58	1.56
Legal and professional fees	55.48	48.81
Payment to auditors (Refer note below)	0.50	0.51
Housekeeping and security charges	4.99	4.92
Printing and stationery	1.24	1.06
Sales promotion and advertisement expenses	1.06	1.66
Bad debt written off	26.04	-
Allowance for expected credit loss	-	2.33
Loss on sale / scrap of property, plant and equipment (net)	0.28	0.47
Exchange loss (Net)	3.05	14.62
Miscellaneous expenses	19.69	10.10
	172.31	115.15

Note:

Payment to auditors comprise:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
To statutory auditor:		
- for audit	0.50	0.50
- for reimbursement of expenses	-	0.01
	0.50	0.51



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

(All amount are in INR lakhs, unless otherwise stated)

32 Income tax

The major components of income tax expense for the year ended 31 March 2021 and 31 March 2022 are

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Statement of profit and loss section		
Current income tax:		
Current income tax charge	69.39	25.30
Adjustment in respect of tax for earlier years	0.72	0.94
Deferred tax charge/(credit):		
Relating to origination and reversal of temporary differences	2.33	(0.82)
Income tax expense reported in the statement of profit and loss	72.44	25.42
Other comprehensive income section		
Income tax relating to items that will not be reclassified to profit or loss	-	-
	72.44	25.42

Reconciliation of tax expense and the accounting profit

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Accounting profit before tax	202.32	74.99
Computed tax expense:	70.70	26.20
At statutory income tax rate of 34.944% (31 March 2021: 34.944%)		
Adjustments for:		
Adjustment in respect of current tax of previous years	0.72	0.94
Others	1.02	(1.72)
At the effective income tax rate	72.44	25.42
Income tax expense reported in statement of profit and loss	72.44	25.42

Deferred tax relates to the following

Particulars	Balance sheet		Statement of profit and loss	
	As at 31 March 2022	As at 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2021
Measurement of financial assets and liabilities at amortised cost, net	2.69	5.03	(2.33)	0.82
Deferred tax (charge) / credit			(2.33)	0.82
Deferred tax assets	2.69	5.03		

Reflected in the balance sheet as follows

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred tax liabilities	-	-
Deferred tax assets	2.69	5.03
Deferred tax assets / (liabilities), net	2.69	5.03

Reconciliation of deferred tax assets

Particulars	As at 31 March 2022	As at 31 March 2021
Opening balance as on April 1	5.03	4.21
Tax (income) / expense during the year recognised in statement of profit and loss	2.33	(0.82)
Tax (income) / expense during the year recognised in other comprehensive income	-	-
Closing balance	2.69	5.03

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



Narhari Engineering Works

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

(All amount are in INR lakhs, unless otherwise stated)

33 Related party disclosures

A) Name of related parties

(i) Holding Company
Marine Electricals (India) Limited; Partner holding 80% of firm's capital
(ii) Partners
Vinay K. Uchil
Venkatesh K. Uchil
(iii) Fellow subsidiary *
MEL Power Systems F.Z.C.
(iv) Other related parties
(a) Partnership firm in which partners are partners*
Philins Industrial Corporation
(b) Enterprises in which partners have significant influence*
Switch N Control Gears Private Limited

* restricted to parties with whom the Firm has transactions during the year/ balances outstanding as at year end.

B) Related party transactions during the year

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
a) Current capital withdrawal		
Marine Electricals (India) Limited	346.00	-
b) Advance received from customers		
Philins Industrial Corporation	121.00	-
Switch N Control Gears Private Limited	225.00	-
c) Profit distribution to partners		
Marine Electricals (India) Limited	103.90	39.65
Vinay K. Uchil	12.99	4.96
Venkatesh K. Uchil	12.99	4.96

C) Outstanding balances as at year end

Particulars	As at 31 March 2022	As at 31 March 2021
a) Trade receivables		
MEL Power Systems F.Z.C.	0.83	0.79
b) Trade payables		
MEL Power Systems F.Z.C.	66.92	63.83
c) Advance from customers (Contract Liabilities)		
Philins Industrial Corporation	121.00	-
Switch N Control Gears Private Limited	225.00	-
d) Partner's fixed capital account		
Marine Electricals (India) Limited	400.00	400.00
Vinay K. Uchil	50.00	50.00
Venkatesh K. Uchil	50.00	50.00
e) Partner's current capital account		
Marine Electricals (India) Limited	418.08	660.18
Vinay K. Uchil	17.32	4.33
Venkatesh K. Uchil	17.32	4.33



Narhari Engineering Works

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

(All amount are in INR lakhs, unless otherwise stated)

34 Dues to micro and small enterprises

The information regarding micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Firm. This has been relied upon by the auditors.

Particulars	As at 31 March 2022	As at 31 March 2021
Principal amount remaining unpaid	-	-
Interest accrued and due thereon remaining unpaid	-	-
Interest paid by the Firm in terms of section 16 of MSMED Act 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year	-	-
Interest due and payables for the period of delay in making payment (which has been paid but beyond the appointed day during the year), but without adding the interest specified under MSMED Act, 2006.	-	-
Interest accrued and remaining unpaid as at the end of the year	-	-
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

35 Segment information

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the Chief Operating Decision Maker ("CODM"), in deciding how to allocate resources and assessing performance. The Partners of the Firm are identified as the CODM. The firm's primary business is designing, manufacturing and servicing of electric motors and its accessories. The CODM reviews these activities under the context of Ind AS 108 - Operating Segment as one single segment to evaluate the overall performance of Firm's operating segment.

Accordingly, the segment revenue, segment results, total carrying amount of segment assets and segment liability, is as reflected in the financial statements.

36 Contingent liabilities

(i) Contingent liabilities is as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Bank guarantees provided under contractual / legal obligations	27.93	24.34
	27.93	24.34

(ii) The Supreme court of India had passed a judgement in the month of February 2019 relating to definition of wages under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The Management is of the view that there are interpretative challenges on the application of the judgement. However, the Firm is in the process of determining the possible impact and update its provision, if required. The Management does not expect any material impact of the same for financial year 2021-22 based on the present salary structure followed by the Firm for its class of employees.

37 Capital and other commitments:

Estimated amount of capital contracts remaining to be executed and not provided for (net of advances): Rs. Nil (31 March 2021: Rs. Nil)

38 Leases:

The Firm has entered into short term leases and the amount recognised in statement of profit and loss is as under:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Expense relating to short-term leases and low value assets	0.49	-



Narhari Engineering Works

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

(All amount are in INR lakhs, unless otherwise stated)

39 Financial instruments

The classification of each category of financial instruments and their carrying amounts are as below

Particulars	As at 31 March 2022	As at 31 March 2021
Financial assets measured at amortized cost:		
Trade receivables ^	308.79	254.30
Cash and cash equivalents ^	49.68	24.13
Bank balances other than cash and cash equivalents ^	14.60	22.24
Loans ^	552.65	552.60
Other financial assets ^	9.28	4.53
Total financial assets	935.00	857.80
Financial liabilities measured at amortized cost:		
Borrowings ^	83.09	67.77
Trade payables ^	311.70	190.54
Other financial liabilities ^	7.16	8.13
Total financial liabilities	401.95	266.44

There are no financial instruments that have been classified as Fair Value through Profit and Loss (FVTPL) and Fair Value through Other Comprehensive Income (FVTOCI).

^ Fair values for these financial instruments have not been disclosed because their carrying amount are a reasonable approximation of their fair values.

Fair value hierarchy

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Financial instruments - risk management

The Firm has exposure to the following risks arising from financial instruments: credit risk (refer note (b) below); liquidity risk (refer note (c) below) and market risk (refer note (d) below).

(a) Risk management framework

The Partners of the Firm has overall responsibility for the establishment and oversight of the Firm risk management framework. The Firm risk management policies are established to identify and analyse the risks faced by the Firm, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Firm activities.

The Partners of the Firm oversees how management monitors compliance with the Firm risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Firm. The Firm, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

(b) Credit risk

Credit risk is the risk that a counter party fails to discharge its obligation to the Firm. The maximum credit risk comprises the carrying amounts of the financial assets. The Firm exposure to credit risk arises mainly from cash and cash equivalents, other bank balances, trade receivables, loans and other financial assets. The Firm continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

(i) Credit risk management

Credit risk rating

The Firm assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk

B: Moderate credit risk

C: High credit risk

Credit ratings	Particulars	As at 31 March 2022	As at 31 March 2021
Low credit risk	Cash and cash equivalents, other bank balances, trade receivables, loans and other financial assets	935.00	857.80

(ii) Credit risk exposure

Cash and cash equivalent and other bank balances

Credit risk related to cash and cash equivalents and other bank balances is managed by accepting highly rated banks and diversifying bank deposits and accounts in different banks. Management does not expect any losses from non-performance by these counterparties.

Loans and other financial assets measured at amortized cost

Loans and other financial assets measured at amortized cost includes loans, staff advances and security deposits. Credit risk related to these is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensures that amounts are within defined limits. The expected credit loss on these financial instruments is expected to be insignificant.

Trade receivables

Credit risk arise from possibility that customer may default on its obligation to make timely payments, resulting into financial loss. The maximum exposure to the credit risk is primarily from trade receivables. The expected credit loss allowance is based on the ageing of the days for which the receivables are due and the expected loss rates.



Narhari Engineering Works

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

(All amount are in INR lakhs, unless otherwise stated)

Reconciliation of allowance for expected credit loss

Particulars	As at 31 March 2022	As at 31 March 2021
Opening balance	14.37	12.04
Change in allowance for expected credit loss	(6.67)	2.33
Closing balance	7.70	14.37

(c) Liquidity risk

Liquidity risk is the risk that the Firm will not be able to settle or meet its obligations on time. The Firm's primary sources of liquidity are cash generated from operations. The cash flows from operating activities are driven primarily by operating results and changes in the working capital requirements.

The Firm believe that its liquidity position is adequate to fund the operating and investing needs and to provide with flexibility to respond to further changes in the business environment

Maturities of financial liabilities

Particulars	Carrying amount	Total	On demand	0-12 months	1-5 years	> 5 years
As at 31 March 2022						
Borrowings	83.09	83.09	-	83.09	-	-
Trade payables	311.70	311.70	-	311.70	-	-
Other financial liabilities	7.16	7.16	-	7.16	-	-
Total	401.95	401.95	-	401.95	-	-

Particulars	Carrying amount	Total	On demand	0-12 months	1-5 years	> 5 years
As at 31 March 2021						
Borrowings	67.77	67.77	-	56.43	11.34	-
Trade payables	190.54	190.54	-	190.54	-	-
Other financial liabilities	8.13	8.13	-	8.13	-	-
Total	266.44	266.44	-	255.10	11.34	-

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, which will affect the Firm's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return

i) Foreign currency risk

The transactions of the Firm are denominated in both Indian rupees and foreign currencies and accordingly, the Firm is exposed to foreign exchange risk in relation to operating activities (when revenue or expense is denominated in a foreign currency) arising from foreign currency transactions.

Foreign currency risk exposure

Particulars of unhedged foreign currency exposure:

Particulars		As at 31 March 2022		As at 31 March 2021	
		Amount in Foreign Currency	Amount equivalent in INR Lakhs	Amount in Foreign Currency	Amount equivalent in INR Lakhs
Foreign currency receivables					
- representing trade receivables	USD	1,109	0.83	1,109	0.79
Foreign currency payable					
- representing trade payables	USD	87,024	66.92	87,024	63.83

Sensitivity to risk

Particulars	Impact on profit - Increase / (decrease)	
	As at 31 March 2022	As at 31 March 2021
USD Sensitivity		
INR/USD - Increase by 5% (31 March 2021 - 5%)	(3.30)	(3.15)
INR/USD - Decrease by 5% (31 March 2021 - 5%)	3.30	3.15

ii) Interest rate risk

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. The Firm's exposure to market risk for changes in interest rates primarily relates to borrowings.

Particulars	As at 31 March 2022	As at 31 March 2021
Variable rate borrowings	73.69	22.45
Fixed rate borrowings	18.80	45.32
Total borrowings	92.49	67.77

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year end balances are not necessarily representative of the average debt outstanding during the year.

Particulars	Impact on profit - Increase / (decrease)	
	100 bp increase	100 bp decrease
Variable rate instrument as at 31 March 2022	0.74	(0.74)
Variable rate instrument as at 31 March 2021	0.22	(0.22)



Narhari Engineering Works

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

(All amount are in INR lakhs, unless otherwise stated)

40 Trade receivable ageing

Ageing for trade receivables outstanding as at 31 March 2022

Particulars	Not Due	Less than 6 Months	6 Months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) Undisputed trade receivable - considered good	-	260.85	1.69	3.62	10.43	17.93	294.52
(ii) Undisputed trade receivable - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivable - credit impaired	-	-	-	-	-	-	-
(iv) Disputed trade receivable - considered good	-	-	-	-	-	21.97	21.97
(v) Disputed trade receivable - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivable - credit impaired	-	-	-	-	-	-	-
Total	-	260.85	1.69	3.62	10.43	39.90	316.49
Less: Loss allowance for expected credit loss						(7.70)	
Total trade receivables							308.79

Ageing for trade receivables - current outstanding as at 31 March 2021

Particulars	Not Due	Less than 6 Months	6 Months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) Undisputed trade receivable - considered good	-	175.27	12.54	14.09	12.56	32.25	246.70
(ii) Undisputed trade receivable - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivable - credit impaired	-	-	-	-	-	-	-
(iv) Disputed trade receivable - considered good	-	-	-	-	-	21.97	21.97
(v) Disputed trade receivable - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivable - credit impaired	-	-	-	-	-	-	-
Total	-	175.27	12.54	14.09	12.56	54.22	268.67
Less: Loss allowance for expected credit loss						(14.37)	
Total trade receivables							254.30

41 Trade payable ageing

Ageing for trade payable outstanding as at 31 March 2022

Particulars	Not Due	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	-	246.65	0.49	0.09	49.98	297.20
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	-	246.65	0.49	0.09	49.98	297.20
Add: Accrued expenses						14.50
Total trade payables						311.70

Ageing for trade payable outstanding as at 31 March 2021

Particulars	Not Due	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	-	128.97	0.62	0.19	51.04	180.82
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	-	128.97	0.62	0.19	51.04	180.82
Add: Accrued expenses						9.72
Total trade payables						190.54



Narhari Engineering Works

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

(All amount are in INR lakhs, unless otherwise stated)

42 Subsequent events

There are no significant reportable subsequent events that have occurred after the reporting period till the date of this financial statements.

43 Other statutory information

- i) The Firm does not have any Benami property, where any proceeding has been initiated or pending against the firm for holding any Benami property.
- ii) The Firm is not declared wilful defaulter by any bank or Financial institution or other lender.
- iii) The Firm does not have any transactions with companies struck off.
- iv) The Firm has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- v) The Firm has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the firm (Ultimate Beneficiaries); or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- vi) The Firm has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Firm shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- vii) The Firm does not have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

44 In the opinion of the management, assets, loans and advances have a value on realization in the ordinary course of the business at least equal to the amounts at which they are stated and provision for all known liabilities have been made.

45 The Firm did not have any long-term contracts including derivative contracts for which there were any foreseeable losses.

46 The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Firm towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Firm will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

47 Estimation uncertainty relating to the global health pandemic on COVID-19

The Firm has evaluated the possible impact of this pandemic on the business operations and the financial position of the Firm and based on its assessment, believes that there is no significant impact on the financial statements of the Firm, as at and for the year ended 31 March 2022. The Firm has carried out this assessment based on available internal and external sources of information upto the date of approval of these financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements owing to the nature and duration of COVID-19.

48 Previous year's figures

Previous year's figures have also been regrouped / recasted, wherever necessary, to conform to the current year's presentation

For Saini Pati Shah & Co LLP

Chartered Accountants

Firm's Registration No: 137904W/W100622


Som Nath Saini

Partner

Membership No: 093079

Place: Mumbai

Date: 27 May 2022



For Narhari Engineering Works


Venkatesh Uchil
Partner

Place: Mumbai

Date: 27 May 2022


Vinay Uchil
Partner

Place: Mumbai

Date: 27 May 2022

