

**ARUN VARSHNEY & ASSOCIATES**

**CHARTERED ACCOUNTANTS**

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**AUDITED FINANCIAL  
STATEMENTS**

**OF**

**M/S PAVNA AUTO  
ENGINEERING PVT LTD**

**ALIGARH**

**FOR THE**

**F.Y. 2023-24**



***Independent Auditor's Report***

To the Members of **PAVNA AUTO ENGINEERING PVT LTD**

**Report on the Audit of the Standalone Financial Statements**

Opinion

We have audited the financial statements of PAVNA AUTO ENGINEERING PVT LTD ("the Company"), which comprise the balance sheet as at 31st March 2024, and the statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2024, its profit/loss and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. We have determined that there are no key matters to be mentioned in our Audit Report.

Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.





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

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

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

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

In preparing the 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.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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





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

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

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

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.





## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act and rules made there under.
  - e) On the basis of the written representations received from the directors as on 31st March, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
  - g) With respect to the other matters to be included in the Auditor's report in accordance with the requirements of Sec 197(16) of the Act as amended, we report that Section 197 is not applicable to a private company. Hence reporting as per Section 197(16) is not required.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. (a) The management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
  
(b) The management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been





received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.

- v. No dividend have been declared or paid during the year by the company.
- vi. Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

**Place:-ALIGARH**

**Date: 29/05/2024**

**UDIN: 24073299BJZZVC238**



**For ARUN VARSHNEY AND ASSOCIATES**

**Chartered Accountants**

**FRN: 0005560C**

A handwritten signature in black ink, appearing to be "Arun Kumar", written over a circular line.

**CA. ARUN KUMAR**

**(PARTNER )**

**Membership No. 073299**



**Annexure 'A'**

**The Annexure referred to in paragraph 1 of Our Report on "Other Legal and Regulatory Requirements".**

We report that:

- (i) (a) (A) The company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;  
(B) The company has maintained proper records showing full particulars of intangible assets;
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Property, Plant and Equipment have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year. Accordingly, the reporting under Clause 3(i)(d) of the Order is not applicable to the Company.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made there under.
- (ii) (a) As explained to us & on the basis of the records examined by us, in our opinion, physical verification of inventory has been conducted at reasonable intervals by the management. In our opinion, the coverage and procedure of such verification by the management is appropriate. No discrepancy of 10% or more in the aggregate for each class of inventory were noticed on physical verification of stocks by the management as compared to book records.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not been sanctioned during any point of time of the year, working





capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.

- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has not made investments in, nor provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, provisions of clause 3(iii)(a), 3(iii)(b), 3(iii)(c), 3(iii)(d), 3(iii)(e) and 3(iii)(f) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records, in respect of loans, investments, guarantees, and security, provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- (v) The company has not accepted any deposits or amounts which are deemed to be deposits covered under sections 73 to 76 of the Companies Act, 2013. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) As per information & explanation given by the management, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act 2013.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. According to the information and explanation given to us there were no outstanding statutory dues as on 31st of March, 2024 for a period of more than six months from the date they became payable.  
(b) According to the information and explanations given to us and on the basis of our examination of the records of the company, there is no statutory dues referred to in sub-clause (a) that have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.  
(b) According to the information and explanations given to us and on the





basis of our examination of the records of the company, the company has not been declared a willful defaulter by any bank or financial institution or other lender;

- (c) According to the information and explanations given to us by the management, the Company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term purposes by the company.
- (e) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2024. Accordingly, clause 3(ix)(e) is not applicable.
- (f) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2024. Accordingly, clause 3(ix)(f) is not applicable.
- (x) (a) The company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the company or any fraud on the company has been noticed or reported during the course of audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to the information and explanations given to us by the management, no whistle-blower complaints had been received by the company.
- (xii) The company is not a Nidhi Company. Accordingly, clause 3(xii)(a), 3(xii)(b) and 3(xii)(c) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards;





- (xiv) (a) In our opinion and based on our examination, the company does not require to have an internal audit system. Accordingly, clause 3(xiv)(a), of the Order is not applicable.
- (b) Based on information and explanations provided to us, no internal audit had been conducted of the company. Accordingly, clause 3(xiv)(a), of the Order is not applicable
- (xv) In our opinion and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) In our Opinion and based on our examination, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934). Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) In our Opinion and based on our examination, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) In our Opinion and based on our examination, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations given by the management, the Group does not have any CIC as part of the Group.
- (xvii) Based on our examination, the company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.





- (xx) Based on our examination, the provision of section 135 are not applicable on the company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.
- (xxi) The company is not required to prepare Consolidate financial statement hence this clause is not applicable.

Place:-ALIGARH  
Date: 29/05/2024



For ARUN VARSHNEY AND ASSOCIATES  
Chartered Accountants  
FRN: 0005560C

A handwritten signature in black ink, appearing to be "Arun Kumar", written over a horizontal line.

CA. ARUN KUMAR  
(PARTNER )  
Membership No. 073299  
UDIN: 24073299BJZZVC2388



## Pavna Auto Engineering Private Limited

Notes to financial statements for the year ended 31st March 2024

(All amounts are in lacs(₹), unless otherwise specified)

### Note 1: Corporate Information

Pavna Auto Engineering Private Limited ('PAEPL' or 'the company') is a Private Limited Company having its registered office at Pala Sahibabad road, Aligarh was incorporated in India on 19 April 1994 under the Provision of Companies Act 2013. The Company engaged in business of manufacturing of Fuel Cock Assemble, Die Cast component and Auto Parts in India.

### Note 2:

**Statement of Compliance:** In accordance with the notification issued by Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from 29 July 2020, the date of incorporation.

#### Basis of Preparation:

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013 and relevant presentation requirements of the Companies Act 2013. The financial statements have been prepared in accordance with the historical cost convention except for certain financial instruments that are measured at fair value as required under relevant Ind AS.

The financial statements are presented in ₹ and all values are rounded to the nearest Lacs upto two decimal places except otherwise stated.

### Note 2.1: Significant accounting policies

#### a) Significant accounting judgements, estimates and assumptions

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

#### Judgements:

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

#### Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

#### Estimates and Assumptions:

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

#### Recoverability of deferred taxes

In assessing the recoverability of deferred tax assets, management considers whether it is probable that taxable profit will be available against which the losses can be utilised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment.

#### b) Current versus non-current classification

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

#### Assets:

An asset is treated as current when it is:

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

All other assets are classified as non-current

#### Liabilities:

A liability is current when:

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

All other liabilities are classified as non-current.

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

**Operating cycle:** The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

#### c) Property, Plant and Equipment

Property, plant and equipment and capital work in progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct services, any other costs directly attributable to bringing the assets to its working condition for their intended use and cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss within other income.

**Depreciation:** Depreciation is to be provided using the Straight Line Method as per useful life specified in schedule II to the Companies Act, 2013. Depreciation is calculated on a pro-rata basis from the date of additions. On assets sold, discarded, etc. during the year, depreciation is provided up to the date of sale/discard. Further, the Schedule II to the Companies Act, 2013 requires that useful life and depreciation for significant components of an asset should be determined separately. The identification of significant components is matter of technical judgement and is to be decided on case to case basis; wherever applicable.





**Pavna Auto Engineering Private Limited**

Notes to financial statements for the year ended 31st March 2024

The company has used following rates to Provide depreciation which coincides with the rates indicated with schedule II of the act on its property, plant and Equipment:

Asset Category	Useful Lives estimate by the management (Years)
Factory Buildings	30 Years
Plant and Machinery	8 Years
Computer	3 Years
Office Equipment	10 Years
Furniture and Fixtures	10 Years
Commercial Vehicles	8 Years

**Subsequent costs:** The cost of replacing a part of an item of property, plant and equipment is to be recognised in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably with the carrying amount of the replaced part getting derecognised. The cost for day-to-day servicing of property, plant and equipment to be recognised in statement of profit and loss as and when incurred.

**Capital work in progress:** Capital work in progress comprises the cost of fixed assets that are not ready for their intended use at the reporting date.

**d) Intangible assets****Recognition and measurement**

Intangible assets that are acquired by the Company to be measured initially at cost. Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any. Software purchased by the Company are amortized on a straight line basis over 5 Years.

Amounts paid towards technical know-how fees for specifically identified projects/products being development expenditure incurred towards product design is carried forward based on assessment of benefits arising from such expenditure. Such expenditure is amortized over the period of expected future sales from the related product, i.e. the estimated period of 60 to 72 months on straight line basis based on past trends, commencing from the month of commencement of commercial production.

**e) Borrowing costs**

Borrowing costs consists of interest and amortization of ancillary costs that an entity incurs in connection with the borrowing of funds.

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

**f) Foreign currencies****Functional and presentational currency**

The Company's financial statements are presented in Indian Rupees (₹) which is also the Company's functional currency. Functional currency is the currency of the primary economic environment in which a Company operates and is normally the currency in which the Company primarily generates and expends cash. All the financial information presented in ₹ except where otherwise stated.

**Transactions and balances**

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

**g) Derivative (Forward contract)**

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

**h) Revenue Recognition**

Revenue to be recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue to be measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

**Sale of goods**

The Company recognized revenue when (or as) a performance obligation was satisfied, i.e. when 'control' of the goods underlying the particular performance obligation were transferred to the customer. Further, revenue from sale of goods is recognized based on a 5-Step Methodology which is as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned or deferred revenue is recognised when there is billings in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.





## Pavna Auto Engineering Private Limited

### Notes to financial statements for the year ended 31st March 2024

#### Use of significant judgements in revenue recognition:

- The Company's contracts with customers could include promises to transfer products to a customer. The Company assesses the products promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

#### Rendering of services

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Job work and development charges are recognized upon full completion of the job work and development services and when all the significant risks and rewards of ownership of the goods have been passed to the buyer, on delivery of the goods and no significant uncertainty exists regarding the collection of the consideration.

#### Interest income

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

#### i) Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the first in, first out basis. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The Cost in case of Work-in-Progress and finished goods to be inclusive of allocable manufacturing overheads. The Provision for obsolescence to be made whenever necessary.

#### j) Leases

##### Finance lease

Leases of property, plant and equipment are classified as finance leases where the lessor has substantially transferred all the risks and rewards of ownership to the Company.

##### Operating lease

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Indian Accounting Standard (Ind AS) 116, Leases, was notified as part of the Companies (Indian Accounting Standards) (Amendment) Rules, 2019, issued by the Ministry of Corporate Affairs, Government of India, vide notification dated March 30, 2019. These Rules came into force w.e.f. April 1, 2019. Accordingly, Ind AS 116, comes into effect in respect of annual reporting periods beginning on or after 1st April, 2019.

#### k) Employee's Benefits

**Short Term Employee Benefits:** All employee benefits expected to be settled wholly within twelve months of rendering the service are classified as short-term employee benefits. When an employee has rendered service to the Company during an accounting period, the Company recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense unless another Ind AS requires or permits the inclusion of the benefits in the cost of an asset. Benefits such as salaries, wages and short-term compensated absences, bonus and ex-gratia etc. are recognised in statement of profit and loss in the period in which the employee renders the related service.

A liability is recognised for the amount expected to be paid after deducting any amount already paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. If the amount already paid exceeds the undiscounted amount of the benefits, the Company recognises that excess as an asset /prepaid expense to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

##### Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a statutory authority and will have no legal or constructive obligation to pay further amounts.

Retirement benefits in the form of Provident Fund is a defined contribution scheme and contributions paid/payable towards Provident Fund and Employee state insurance scheme (ESI) are recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

##### Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation report using the projected unit credit method as at the year end.

The obligations are measured at the present value of the estimated future cash flows. The discount rate is generally based upon the market yields available on Government bonds at the reporting date with a term that matches that of the liabilities.

Re-measurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest and if applicable), is reflected immediately in Other Comprehensive Income in the statement of profit and loss. All other expenses related to defined benefit plans are recognised in statement of profit and loss as employee benefit expenses. Re-measurements recognised in Other Comprehensive Income will not be reclassified to statement of profit and loss hence it is treated as part of retained earnings in the statement of changes in equity. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Curtailment gains and losses are accounted for as past service costs.





## **Pavna Auto Engineering Private Limited**

Notes to financial statements for the year ended 31st March 2024

### **Other Long Term Employee Benefits**

As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or encashed. Encashment can be made during the service, on early retirement, on withdrawal of scheme, at resignation by employee and upon death of employee. The scale of benefits is determined based on the seniority and the respective employee's salary. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Re-measurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest and if applicable), is reflected immediately in Other Comprehensive Income in the statement of profit and loss. All other expenses related to defined benefit plans are recognised in statement of profit and loss as employee benefit expenses. Re-measurements recognised in Other Comprehensive Income will not be reclassified to statement of profit and loss hence it is treated as part of retained earnings in the statement of changes in equity. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Curtailment gains and losses are accounted for as past service costs.

## **l) Provisions**

### **General**

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.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

## **m) Financial Instruments**

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

### **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 or loss, transaction costs that are attributable to the acquisition of the financial asset.

#### **Subsequent measurement**

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

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit and loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

#### **De-recognition**

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Company's Balance Sheet) when:

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

### **Financial Liabilities**

#### **Initial recognition and measurement**

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

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

The Company's financial liabilities include trade and other payables, security deposits received etc.

#### **Subsequent measurement**

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit and loss (FVTPL)

#### **De-recognition**

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 de-recognition 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.

## **n) Impairment of financial assets**

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

Financial assets that are debt instruments, and are initially measured at fair value with subsequent measurement at amortised cost e.g., trade and other receivables, security deposits, loan to employees, etc.

The Company to be follows 'simplified approach' for recognition of impairment loss allowance for trade receivables.

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

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss.





**Pavna Auto Engineering Private Limited**

Notes to financial statements for the year ended 31st March 2024

**o) Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ('CGU').

An impairment loss is recognized, if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount and is recognised in statement of profit and loss.

Impairment losses recognised in prior periods are assessed at end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**p) Fair value measurement**

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

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

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

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

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

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

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

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

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

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

**q) Taxes**

**Current income tax**

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

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

**Deferred tax**

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

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

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

**r) Cash and cash equivalents**

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

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

**s) Earnings per share (EPS)**

Basic EPS amounts are calculated by dividing the profit for the year attributable to the shareholders of the Company by the weighted average number of equity shares outstanding as at the end of reporting period.

Diluted EPS amounts are calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

**t) Contingent liabilities and contingent assets**

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

For Arun Varshney & Associates  
Chartered Accountants  
Firm's Registration No.: 005560C



Arun Kumar  
Partner  
Membership No.: 073299

Place: Aligarh  
Date: 29/05/2024



For and on behalf of the Board of Directors  
Pavna Auto Engineering Private Limited



Swapnil Jain  
Director  
DIN: 01542555



Priya Jain  
Director  
DIN: 03355623



**Pavna Auto Engineering Private Limited**  
**Cash flow statement for the year ended 31 March 2024**  
*(All amounts are in lacs(₹), unless otherwise specified)*

	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>A Cash flow from operating activities</b>		
Profit/(Loss) before tax	162.94	69.53
<b>Adjustments for:</b>		
Depreciation and amortisation expense	55.84	52.22
Depreciation and amortisation expense on ROU	6.70	6.70
Interest income on bank deposits	-	(0.39)
Interest income on loan	-	-
Loss/(Profit) on sale of PPE	-	3.80
Interest expense on Lease liabilities	4.76	5.26
Interest expense on borrowings	73.96	56.67
<b>Operating profit before working capital changes</b>	<b>304.20</b>	<b>193.80</b>
<b>Movement in working capital</b>		
Inventories	37.74	(30.64)
Trade Receivables	(117.64)	42.69
Loans	-	-
Other financial assets	(18.28)	(5.76)
Other current & Non current assets	87.45	(13.72)
Other financial liabilities	(50.32)	(11.30)
Other current & non current liabilities	24.24	(10.56)
Provision	10.73	13.66
Trade payables	17.41	(48.07)
<b>Cash used in operating activities post working capital changes</b>	<b>295.52</b>	<b>130.10</b>
Income tax paid (net)	(29.65)	(11.63)
<b>Net cash used in operating activities (A)</b>	<b>265.87</b>	<b>118.47</b>
<b>B Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(144.35)	(40.77)
Sale of property, plant and equipment	-	6.00
Investment made in subsidiaries	-	-
Interest received	-	0.39
<b>Net cash used in investing activities (B)</b>	<b>(144.35)</b>	<b>(34.37)</b>
<b>C Cash flows from financing activities</b>		
Proceeds from issue of share capital	-	-
Finance cost paid	(73.96)	(56.67)
Payment of Lease liabilities	(10.32)	(10.32)
Repayment of borrowing	(39.86)	(24.59)
Proceeds from borrowings	-	-
<b>Net cash flows from financing activities (C)</b>	<b>(124.14)</b>	<b>(91.58)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(2.62)</b>	<b>(7.49)</b>
Cash and cash equivalents at the beginning of the year	3.39	10.88
<b>Cash and cash equivalents at the end of the year</b>	<b>0.77</b>	<b>3.39</b>

**Note:**

(i) The above cash flow statement has been prepared under the "Indirect method" as set out in the Indian Accounting Standard (Ind AS-7) statement of cash flow.

The accompanying notes form an integral part of these financial statements  
This is statement of cash flows referred to in our report of even date

**For Arun Varshney & Associates**  
Chartered Accountants  
Firm's Registration No.: 005560C

  
**Arun Kumar**

Partner

Membership No.: 073299

UDIN : 24073299BJZZVC2388



For and on behalf of the Board of Directors  
**Pavna Auto Engineering Private Limited**

  
**Swapnil Jain**

Director  
DIN: 01542555

  
**Priya Jain**

Director  
DIN: 03355623

Place: Aligarh

Date: 29/05/2024



**Pavna Auto Engineering Private Limited**  
**Balance Sheet as at 31 March 2024**  
*(All amounts are in lacs(₹), unless otherwise specified)*

	Note	As at 31 March 2024	As at 31 March 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3A	424.60	336.09
Right of Use assets	3B	40.19	46.89
<b>Financial assets</b>			
Investments		-	-
Others	4	478.19	459.90
Deferred tax Assets(net)	6	20.91	22.50
Other Non Current assets	5	97.37	116.89
		<b>1,061.26</b>	<b>982.27</b>
<b>Current assets</b>			
Inventories	7	1,217.26	1,255.00
<b>Financial assets</b>			
Trade Receivable	8	785.22	667.58
Cash and cash equivalents	9	0.77	3.39
Other Bank Balances		-	-
Loans		-	-
Others		-	-
Income tax assets (net)	11	(13.73)	(1.60)
Other current assets	12	73.27	141.20
<b>Total current assets</b>		<b>2,062.78</b>	<b>2,065.58</b>
<b>Total assets</b>		<b>3,124.05</b>	<b>3,047.84</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	13	60.90	60.90
Other equity	14	1,881.82	1,755.84
<b>Total equity</b>		<b>1,942.72</b>	<b>1,816.74</b>
<b>Non current liabilities</b>			
<b>Financial liabilities</b>			
Long term Borrowing	15A	12.38	61.77
Lease liabilities	3B	44.28	47.06
Other Non current financial liabilities		-	-
Provisions	16	43.45	38.90
Deferred tax liabilities (net)		-	-
		<b>100.11</b>	<b>147.73</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	15B	556.91	547.38
Lease Liabilities	3B	2.78	5.56
Trade payables	17		
Total outstanding dues of micro enterprises and small enterprises		64.41	-
Total outstanding dues of creditors other than micro and small enterprises		347.84	394.84
Other financial liabilities	18	19.93	70.26
Other current liabilities	19	30.81	6.57
Income Tax liabilities		-	-
Short term provisions	20	58.54	58.77
<b>Total current liabilities</b>		<b>1,081.22</b>	<b>1,083.37</b>
<b>Total equity and liabilities</b>		<b>3,124.05</b>	<b>3,047.84</b>

The accompanying notes form an integral part of these financial statements.  
This is the Balance Sheet referred to in our report of even date.

**For Arun Varshney & Associates**  
Chartered Accountants  
Firm's Registration No.: 005560C



**Arun Kumar**  
Partner

Membership No.: 073299

UDIN: 24073299BJZZVC2388



**For and on behalf of the Board of Directors**  
**Pavna Auto Engineering Private Limited**



**Swapnil Jain**  
Director  
DIN: 01542555



**Priya Jain**  
Director  
DIN: 03355623

Place: Aligarh  
Date: 29/05/2024



**Pavna Auto Engineering Private Limited**  
**Statement of Profit and Loss for the year ended 31 March 2024**  
*(All amounts are in lacs(₹), unless otherwise specified)*

	Note	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Revenue:</b>			
Revenue from operations	21	3,543.28	3,619.16
Other income	22	18.28	18.71
<b>Total income</b>		<b>3,561.56</b>	<b>3,637.87</b>
<b>Expenses:</b>			
Cost of materials consumed	23	2,556.41	2,532.13
Change in Inventory of finished goods	27	3.10	(12.26)
Employee benefits expense	25	468.66	550.36
Finance costs	26	98.24	81.40
Depreciation and Amortisation Expenses	27	62.54	58.92
Other expenses	28	209.68	357.79
<b>Total expenses</b>		<b>3,398.62</b>	<b>3,568.34</b>
<b>Profit/(Loss) before tax</b>		<b>162.94</b>	<b>69.53</b>
<b>Tax expense:</b>	29		
Current tax		41.79	21.32
Deferred tax credit		(0.03)	(4.92)
Earlier years tax adjustments (net)		-	-
Mat Credit adjustments		-	-
<b>Total tax expense</b>		<b>41.76</b>	<b>16.40</b>
<b>Profit/(Loss) for the year</b>		<b>121.18</b>	<b>53.13</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Re-measurements of the defined benefit plans		6.41	9.36
Income tax relating to above item		(1.61)	(2.60)
<b>Other comprehensive income / (loss)</b>		<b>4.80</b>	<b>6.76</b>
<b>Total comprehensive Profit /(loss) for the year</b>		<b>125.98</b>	<b>59.89</b>
<b>Earnings per equity share (₹ 10 per share)</b>			
Basic and diluted	30	198.98	87.25

The accompanying notes form an integral part of these financial statements.  
This is the Statement of Profit and Loss referred to in our report of even date.

For **Arun Varshney & Associates**  
Chartered Accountants  
Firm's Registration No.: 005560C



**Arun Kumar**  
Partner

Membership No.: 073299

UDIN: 24073299BJZZVC2388



For and on behalf of the Board of Directors  
**Pavna Auto Engineering Private Limited**



**Swapnil Jain**  
Director  
DIN: 01542555



**Priya Jain**  
Director  
DIN: 03355623

Place: Aligarh  
Date: 29/05/2024



**Pavna Auto Engineering Private Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2024**

(All amounts are in lacs(₹), unless otherwise specified)

**4 Other non current financial assets**

Margin money deposits  
Security deposits  
- Unsecured considered good  
- Unsecured considered doubtful

As at 31 March 2024	As at 31 March 2023
-	-
-	-
478.19	459.90
-	-
<b>478.19</b>	<b>459.90</b>

**5 Other non current assets**

Prepaid expense

As at 31 March 2024	As at 31 March 2023
97.37	116.89
<b>97.37</b>	<b>116.89</b>

**6 Deferred tax Asset (net)**

Deferred tax  
Property, plant and equipment  
Unused business losses  
Origination and reversal of temporary difference  
Effect of adoption of Ind AS ....  
Others

As at 31 March 2024	As at 31 March 2023
(8.45)	(4.87)
-	-
25.36	23.60
-	-
4.00	3.76
<b>20.91</b>	<b>22.50</b>

**(i) Movement in deferred tax liabilities (net)**

Particulars	31 March 2023	Recognised/ reversed through profit and loss	Recognised in other comprehensive income	31 March 2024
<b>Assets/ (Liabilities)</b>				
Property, plant and equipment	(4.87)	(3.58)	-	(8.45)
Unused business losses	-	-	-	-
Origination and reversal of temporary difference	23.60	3.37	(1.61)	25.36
Effect of adoption of Ind AS 115	-	-	-	-
Others	3.76	0.24	-	4.00
<b>Total</b>	<b>22.50</b>	<b>0.03</b>	<b>(1.61)</b>	<b>20.91</b>

Particulars	31 March 2022	Recognised/ reversed through profit and loss	Recognised in other comprehensive income	31 March 2023
<b>Assets/ (Liabilities)</b>				
Property, plant and equipment	(5.83)	0.96	-	(4.87)
Unused business losses	-	-	-	-
Origination and reversal of temporary difference	23.50	2.71	(2.60)	23.60
Effect of adoption of Ind AS 115	-	-	-	-
Others	2.51	1.26	-	3.76
<b>Total</b>	<b>20.18</b>	<b>4.92</b>	<b>(2.60)</b>	<b>22.50</b>

**7 Inventories**

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

Finished Goods  
Raw Materials  
Work in Progress  
Store and Spares

As at 31 March 2024	As at 31 March 2023
670.46	702.80
498.90	502.00
47.89	50.20
<b>1,217.26</b>	<b>1,255.00</b>
<b>1,217.26</b>	<b>1,255.00</b>

**8 Trade Receivable**

Unsecured, considered good  
Unsecured, considered doubtful

As at 31 March 2024	As at 31 March 2023
785.22	667.58
-	-
<b>785.22</b>	<b>667.58</b>





\* Trade receivable aging schedule as at 31 March 2024

Outstanding for following periods from due date of payment	Undisputed Trade Receivables– considered good	Undisputed Trade Receivables– considered doubtful
Not due		
0-6 Months	489.60	-
6-12 Months	32.81	-
1-2 Years	180.07	-
2-3 Years	30.06	-
above 3 years	52.69	-
<b>Total</b>	<b>785.22</b>	<b>-</b>

Trade receivable aging schedule as at 31 March 2023

Outstanding for following periods from due date of payment	Undisputed Trade Receivables– considered good	Undisputed Trade Receivables– considered doubtful
Not due		
0-6 Months	140.97	-
6-12 Months	428.23	-
1-2 Years	0.89	-
2-3 Years	4.69	-
above 3 years	92.80	-
<b>Total</b>	<b>667.58</b>	<b>-</b>

9 Cash and cash equivalents

	As at 31 March 2024	As at 31 March 2023
Cash on hand	0.77	3.39
Balances with banks	-	-
	<b>0.77</b>	<b>3.39</b>

10 Other Current assets

	As at 31 March 2024	As at 31 March 2023
Security deposit to others	-	-
	<b>-</b>	<b>-</b>

11 Current tax assets

	As at 31 March 2024	As at 31 March 2023
Income Tax paid (net of provision for taxation)	(13.73)	(1.60)
	<b>(13.73)</b>	<b>(1.60)</b>

12 Other current assets

	As at 31 March 2024	As at 31 March 2023
Prepaid expenses	26.14	81.07
Advances to contractors and material suppliers	-	-
Unsecured, Consider Good	32.44	55.33
Other Advances	0.74	4.33
Balances with government authorities	13.95	0.47
	<b>73.27</b>	<b>141.20</b>
	<b>73.27</b>	<b>141.20</b>





**13 Equity Share capital****Authorized shares**

Equity shares of ₹ 100 each with voting rights

	As at 31 March 2024		As at 31 March 2023	
	Number*	Amount	Number*	Amount
	65,000	65.00	65,000	65.00
	<b>65,000</b>	<b>65.00</b>	<b>65,000</b>	<b>65.00</b>
<b>Issued, subscribed and fully</b>				
Equity share capital of face value of ₹ 100 each	60,900	60.90	60,900	60.90
	<b>60,900</b>	<b>60.90</b>	<b>60,900</b>	<b>60.90</b>

**a. Reconciliation of number of equity shares outstanding at the beginning and at the end of the year**

	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
Balance at the beginning of the period	60,900	60.90	60,900	60.90
Shares Issued during the period	-	-	-	-
Bonus Issued during the period	-	-	-	-
<b>Balance at the end of the</b>	<b>60,900</b>	<b>60.90</b>	<b>60,900</b>	<b>60.90</b>

**b. Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 100 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors in any financial year is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The equity shares shall be transferable subject to the provisions contained in the Articles of Association and in the agreements entered/to be entered into with the investors/shareholders from time to time.

**c. Details of shares held by Holding Company and shareholders holding more than 5% shares in the Company**

Name of the equity shareholder	As at 31 March 2024		As at 31 March 2023	
	Number	%	Number	%
Shri Swapnil Jain	26,959	44.32	26,959	44.32
Pavna Industries Ltd.	30,901	50.74	30,901	50.74
	<b>57,860</b>	<b>95.06</b>	<b>57,860</b>	<b>95.06</b>

**d. Shareholding of Promoters**

As at 31st March 2024

Shares held by Promoters at end of the year				% change during the year
S.no	No. of shares	% of total shares		
1 SWAPNIL JAIN	26959.00	44.27%		
2 PAWAN JAIN	10.00	0.02%		
3 PRIYA JAIN	10.00	0.02%		
4 ASHA JAIN	10.00	0.02%		
5 PJ WEALTH MANAGEMENT AND CONSULTANT PVT LTD	3000.00	4.93%		
6 SWAPNIL JAIN HUF	10.00	0.02%		
7 PAVNA INDUSTRIES LIMITED	30901.00	50.74%		

**14 Other Equity****General Reserve**

Opening balance

As at  
31 March 2024

As at  
31 March 2023

Add : Transferred from Surplus in Statement of Profit AND Loss

Closing balance (A)

6.00	6.00
<b>6.00</b>	<b>6.00</b>

**Securities premium**

Opening balance

Add: Addition during the year

Closing balance (B)

653.84	653.84
<b>653.84</b>	<b>653.84</b>

**Profit/ (Deficit) in the statement of profit and loss**

Opening balance

Add: Profit / (Loss) for the year

Add: Other comprehensive income for the year (net of tax impact)

Closing balance (A)

1,096.00	1,036.11
121.18	53.13
4.80	6.76
<b>1,221.98</b>	<b>1,096.00</b>

Total (A)

<b>1,882.37</b>	<b>1,755.84</b>
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**15A Long term borrowing****Secured**

Indian rupee term loan from Bank  
Indian rupee term loan from financial institutions  
Indian rupee vehicle loan from Bank

As at 31 March 2024	As at 31 March 2023
-	17.67
-	-
12.38	44.10
<b>12.38</b>	<b>61.77</b>

**15B Short term Borrowings****Secured**

Cash credit facilities from Bank  
Cash credit facilities from financial institutions  
Current maturities of long term borrowings

As at 31 March 2024	As at 31 March 2023
481.71	410.27
60.00	60.00
15.20	77.11
<b>556.91</b>	<b>547.38</b>

**Total**

<b>569.29</b>	<b>609.15</b>
---------------	---------------

**Other Non current financial liabilities**

Security deposit from customer

As at 31 March 2024	As at 31 March 2023
-	-

**16 Provisions****Provision for employee benefits (a)**

Gratuity  
Compensated absences

As at 31 March 2024	As at 31 March 2023
43.45	38.90
-	-
<b>43.45</b>	<b>38.90</b>

(a) Refer Note ....

**17 Trade payables #**

Due to micro and small enterprises  
Due to others (a)

As at 31 March 2024	As at 31 March 2023
64.41	-
347.84	394.84
<b>412.25</b>	<b>394.84</b>

**Trade payable aging schedule as at 31st March 2024**

Outstanding for following periods from due date of payment	Micro and Small Enterprises ("MSME")	Others
Not due		
Unbilled dues		
Less then 1 year	64.41	344.64
1-2 Years		1.12
2-3 Years		
above 3 years		2.08
<b>Total</b>	<b>64.41</b>	<b>347.84</b>

**Trade payable aging schedule as at 31st March 2023**

Outstanding for following periods from due date of payment	Micro and Small Enterprises ("MSME")	Others
Not due		
Unbilled dues		
Less then 1 year		388.25
1-2 Years		-
2-3 Years		6.12
above 3 years		0.47
<b>Total</b>		<b>394.84</b>





**18 Other Financial liabilities**

Payable to employees

As at 31 March 2024	As at 31 March 2023
19.93	70.26
-	-
<u>19.93</u>	<u>70.26</u>

**19 Other current liabilities**

Advance received from customers

Statutory dues payable

As at 31 March 2024	As at 31 March 2023
7.14	5.58
23.67	0.99
<u>30.81</u>	<u>6.57</u>

**20 Short term provisions**

Provision for employee benefits

Gratuity

Compensated absences

As at 31 March 2024	As at 31 March 2023
58.54	58.77
-	-
<u>58.54</u>	<u>58.77</u>

*(This space has been intentionally left blank)*

**Pavna Auto Engineering Private Limited****Summary of significant accounting policies and other explanatory information for the year ended 31 March 2024***(All amounts are in lacs(₹), unless otherwise specified)***21 Revenue from operations**

Sale of products

For the year ended 31 March 2024	For the year ended 31 March 2023
3,543.28	3,619.16
-	-
<b>3,543.28</b>	<b>3,619.16</b>

**22 Other income**

Interest income on:

Bank deposits  
Security deposits measured at amortised cost  
Income tax refunds  
Miscellaneous income

For the year ended 31 March 2024	For the year ended 31 March 2023
-	0.39
18.28	17.53
-	0.78
0.00	0.00
<b>18.28</b>	<b>18.71</b>

**23 Cost of raw material & components consumed**

Inventory at the beginning of the year

Add: Purchase during the year

Less: Inventory at the end of the year

For the year ended 31 March 2024	For the year ended 31 March 2023
702.80	685.64
2,524.08	2,549.29
3,226.88	3,234.93
670.46	702.80
<b>2,556.41</b>	<b>2,532.13</b>

**24 Changes in inventories of finished goods and work-in-progress****Closing Inventories**

Finished goods

Work in Progress

**Opening Inventories**

Finished goods

Work in Progress

-	-
498.90	502.00
-	-
502.00	489.74
<b>3.10</b>	<b>(12.26)</b>

**25 Employee benefits expense**

Salaries, wages and bonus  
Contribution to provident and other funds  
Gratuity expense  
Staff welfare expenses

For the year ended 31 March 2024	For the year ended 31 March 2023
383.80	475.29
30.33	26.86
13.92	13.66
40.61	34.55
<b>468.66</b>	<b>550.36</b>

**26 Finance costs**

Interest expense  
Interest expense on Security deposit  
Other borrowing costs  
Interest on lease obligation

For the year ended 31 March 2024	For the year ended 31 March 2023
64.41	54.57
19.52	19.46
9.56	2.10
4.76	5.26
<b>98.24</b>	<b>81.40</b>

**27 Depreciation and Amortisation**

Depreciation and amortization expense  
Depreciation on right of use assets

For the year ended 31 March 2024	For the year ended 31 March 2023
55.84	52.22
6.70	6.70
<b>62.54</b>	<b>58.92</b>





**28 Other expenses**

	For the year ended 31 March 2024	For the year ended 31 March 2023
Consumption of stores and spares#	13.19	10.99
Diecasting/ Job work charges	20.24	186.89
Advertisement and publicity	7.25	7.02
Communication & Postage Expense	0.51	1.65
Electricity expenses	2.40	3.96
Insurance Expenses	63.94	8.43
Legal and professional fees	5.81	14.52
Loss on sale of Property, Plant and equipment	-	3.80
Payments to auditors##	0.42	0.41
Printing and stationery	0.60	0.96
Rates and taxes	12.22	1.94
Rent	15.02	25.10
Repair and maintenance - Machinery	0.09	-
Repair and maintenance - office	0.67	2.54
Vehicle running and maintenance expense	17.39	22.90
Sales promotion expenses	18.16	17.18
Software expenses	0.40	0.83
Trade mark royalty	8.86	9.05
Travelling and conveyance-Local	2.46	7.89
ISO TS certification expense	0.33	-
Warranty claim/ Line rejection expense	(1.97)	3.73
Office expense	0.68	2.01
Freight & forwarding expense	21.00	25.87
Miscellaneous expenses	0.00	0.13
	<b>209.68</b>	<b>357.79</b>

**# Consumption of Stores, spares, packing and tools**

	For the year ended 31 March 2024	For the year ended 31 March 2023
Opening stock	50.20	48.97
Add:	-	-
Consumption of stores and spares parts	4.03	1.56
Consumption of loose tools	-	0.28
Consumption of Packing materials	6.85	10.38
Less: Closing stock	47.89	50.20
Net Consumption of stores ,spares, Packing & tools	<b>13.19</b>	<b>10.99</b>

**## Payment to auditors**

	For the year ended 31 March 2024	For the year ended 31 March 2023
As auditors		
-Audit fees	0.42	0.41
	<b>0.42</b>	<b>0.41</b>

**29 Income tax****Tax expense comprises of:**

	For the year ended 31 March 2024	For the year ended 31 March 2023
Current tax	41.79	21.32
Deferred tax credit	(0.03)	(4.92)
Earlier years tax adjustments (net)	-	-
Minimum Alternative Tax	-	-
<b>Income tax expense reported in the statement of profit and loss</b>	<b>41.76</b>	<b>16.40</b>

Deferred tax credit

	-	-
<b>Income tax expense reported in the statement of Other comprehensive income</b>	<b>-</b>	<b>-</b>



The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company and the reported tax expense in profit or loss are as follows:

Effective Income Tax Rate	25.168%	27.820%
<b>Accounting profit before income tax</b>	<b>162.94</b>	<b>69.53</b>
At India's statutory income tax rate	41.01	19.34
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b>		
Item on which deferred tax has not been created	-	-
Tax impact of expenses which will never be allowed	-	-
Effect of tax incentive	-	-
Earlier years tax adjustments (net)	-	-
Impact of change in tax rate	-	-
Others	-	(2.94)
<b>Income tax expense</b>	<b>41.01</b>	<b>16.40</b>

<b>30 Earnings per share</b>	<b>For the year ended 31 March 2024</b>	<b>For the year ended 31 March 2023</b>
Net Profit/(loss) attributable to equity shareholders	121.18	53.13
Nominal value of equity share in ₹	-	-
Total number of equity shares outstanding at the beginning of the year*	60,900	60,900
Total number of equity shares outstanding at the end of the year*	60,900	60,900
Weighted average number of equity shares*	60,900	60,900
Basic and diluted	198.98	87.25
* These are in absolute numbers		





**Pavna Auto Engineering Private Limited**  
**Statement of Changes in Equity for the year ended 31 March 2024**  
*(All amounts are in lacs(₹), unless otherwise specified)*

**A. Equity share capital\***

Particulars	Opening balance as at 31 March 2022	Changes in equity share capital during the year	Balance as at 31 March 2023
Equity share capital	60.90	-	60.90

Particulars	Opening balance as at 31 March 2023	Changes in equity share capital during the year	Balance as at 31 March 2024
Equity share capital	60.90	-	60.90

**B. Other equity\*\***

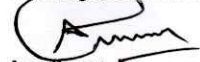
Particulars	Reserves and Surplus			OCI	Total
	Security Premium	Retained Earnings	General Reserve	Remeasurement of defined benefit plans	
Balance as at 31 March 2022	653.84	1,033.16	6.50	2.44	1,695.95
Profit/ (Loss) for the year	-	53.13	-	-	53.13
Other comprehensive income for the year (net of tax impact)	-	-	-	6.76	6.76
Balance as at 31 March 2023	653.84	1,086.30	6.50	9.20	1,755.84
Profit/ (Loss) for the period	-	121.18	-	-	121.18
Other comprehensive income for the year (net of tax impact)	-	-	-	4.80	4.80
Balance as at 31 March 2024	653.84	1,207.48	6.50	14.00	1,881.82

\*Refer note 14 for details

\*Refer note 15 for details


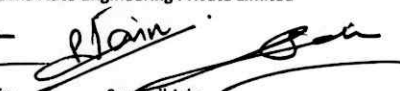
The accompanying notes form an integral part of these financial statements.  
This is statement of changes in equity referred to in our report of even date

For Arun Varshney & Associates  
Chartered Accountants  
Firm's Registration No.: 005560C

  
**Arun Kumar**  
Partner  
Membership No.: 073299



For and on behalf of the Board of Directors  
**Pavna Auto Engineering Private Limited**

   
**Priya Jain** **Swapnil Jain**  
Director Director  
DIN: 03355623 DIN: 01542555

Place: Aligarh  
Date: 29/05/2024

**Pavna Industries Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2024**

(All amounts are in lacs(₹), unless otherwise specified)

**3A Property, plant and equipment**

Particulars	Plant and Machinery	Office Equipment	Furniture and fixtures	Computer	Vehicle	Total
<b>Gross block</b>						
Balance as at 31 March 2022	293.22	13.34	16.67	29.07	287.90	640.19
Additions	-	-	-	-	40.77	40.77
Disposals	-	-	-	-	(19.70)	(19.70)
Balance as at 31 March 2023	293.22	13.34	16.67	29.07	308.96	661.26
Additions	143.12	1.23	-	-	-	144.35
Disposals	-	-	-	-	-	-
Balance as at 31 March 2024	436.34	14.57	16.67	29.07	308.96	805.61
<b>Accumulated depreciation</b>						
Balance as at 31 March 2022	160.09	11.98	15.77	27.08	67.94	282.85
Charge for the year	19.98	0.14	0.03	0.40	31.66	52.22
Disposals	-	-	-	-	(9.90)	(9.90)
Balance as at 31 March 2023	180.07	12.12	15.80	27.48	89.70	325.17
Charge for the year	22.79	0.17	0.03	0.13	32.71	55.84
Disposals	-	-	-	-	-	-
Balance as at 31 March 2024	202.86	12.29	15.83	27.61	122.41	381.01
<b>Net block as at 31 March 2023</b>	113.15	1.22	0.87	1.59	219.26	336.09
<b>Net block as at 31 March 2024</b>	233.48	2.28	0.84	1.45	186.55	424.60





**Pavna Auto Engineering Private Limited****Summary of significant accounting policies and other explanatory information for the year ended 31 March 2024***(All amounts are in lacs(₹), unless otherwise specified)***3B Leases****(i) Right of Use Assets**

Particulars	Buildings	Total
As at 31 March 2022	66.99	66.99
Additions		
Deletions		
As at 31 March 2023	66.99	66.99
Additions		
Deletions		
As at 31 March 2024	66.99	66.99
<b>Accumulated Depreciation</b>		
As at 31 March 2022	13.40	13.40
Charges during the year	6.70	6.70
Deletions		
As at 31 March 2023	20.10	20.10
Charges during the year	6.70	6.70
Deletions		
As at 31 March 2024	26.80	26.80
<b>Net Carrying Value</b>		
As at 31 March 2023	46.89	46.89
As at 31 March 2024	40.19	40.19

**(ii) Lease Liabilities**

Particulars	Current	Non Current	Total
As at 31 March 2022	5.06	52.62	57.68
Additions			
Accretions of interest		5.26	5.26
Payments of lease liabilities	(5.06)	(5.26)	(10.32)
Deletions			-
Re-classification from non current to current	5.56	(5.56)	-
As at 31 March 2023	5.56	47.06	52.62
Additions			
Accretions of interest		4.76	4.76
Payments of lease liabilities	(5.56)	(4.76)	(10.32)
Deletions			-
Re-classification from non current to current	2.78	(2.78)	-
As at 31 March 2024	2.78	44.28	47.06



**Pavna Auto Engineering Private Limited**

**Notes to the financial statements for the year ended 31st March 2024**

(All amounts are in lacs(₹), unless otherwise specified)

**31 Financial instruments**

**i) Financial assets and liabilities**

The carrying amounts of financial instruments by category are as follows:

Particulars	As at 31 March 2024			As at 31 March 2023		
	Amortised cost	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI
<b>Financial assets*</b>						
Investments	-			-		
Trade Receivables	785.22			667.58		
Loans	-			-		
Cash and cash equivalents	0.77			3.39		
Other Bank Balances	-			-		
Other financial assets	478.19			459.90		
<b>Total financial assets</b>	<b>1,264.18</b>	<b>-</b>	<b>-</b>	<b>1,130.88</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities*</b>						
Borrowings	569.29			609.15		
Lease liabilities	47.06			52.62		
Trade payables	412.25			394.84		
Other financial liabilities	19.93			70.26		
<b>Total financial liabilities</b>	<b>1,048.53</b>	<b>-</b>	<b>-</b>	<b>1,126.86</b>	<b>-</b>	<b>-</b>

**Fair Value Hierarchy**

Financial assets and financial liabilities are measured at fair value in the financial statements and are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

**Level 3:** Inputs which are not based on observable market data (unobservable inputs). The input factors considered are Estimated cash flows and other

**Fair value of instruments measured at amortised cost**

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

Particulars	As at 31 March 2024		As at 31 March 2023	
	Carrying value	Fair value*	Carrying value	Fair value*
<b>Financial assets</b>				
Investments	-	-	-	-
Trade Receivables	785.22	785.22	667.58	667.58
Loans	-	-	-	-
Cash and cash equivalents	0.77	0.77	3.39	3.39
Other Bank Balances	-	-	-	-
Other financial assets	478.19	478.19	459.90	459.90
<b>Total financial assets</b>	<b>1,264.18</b>	<b>1,264.18</b>	<b>1,130.88</b>	<b>1,130.88</b>
<b>Financial liabilities</b>				
Borrowings	569.29	569.29	609.15	609.15
Lease liabilities	47.06	47.06	52.62	52.62
Trade payables	412.25	412.25	394.84	394.84
Other financial liabilities	19.93	19.93	70.26	70.26
<b>Total financial liabilities</b>	<b>1,048.53</b>	<b>1,048.53</b>	<b>1,126.86</b>	<b>1,126.86</b>

\*Carrying value of these financial assets and financial liabilities represents the best estimated values.

**Financial risk management**

The Company's activities expose it to credit risk, liquidity risk and market risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, loans and other financial assets measured at amortised cost	Ageing analysis	Diversification of bank deposits and regular monitoring
Liquidity risk	Borrowings, lease liabilities and other financial liabilities	Cash flow forecasts	Availability of funds and credit facilities.
Market risk - interest rate	Variable rates borrowings	Sensitivity analysis	Negotiation of terms that reflect the market factors

**A) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial asset fails to meet its contractual obligations. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each financial asset. The carrying amounts of financial assets represent the maximum credit risk exposure. The Company monitors its exposure to credit risk on an ongoing basis.





**a) Credit risk management****i) Credit risk rating**

The Company 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. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs

A: Low credit risk

B: Moderate credit risk

C: High credit risk

The Company provides for expected credit loss based on the following:

Asset groups	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, loans, and other financial assets	12 months expected credit loss

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are

Credit rating	Particulars	As at 31 March 2024	As at 31 March 2023
Low credit risk	Cash and cash equivalents, loans and other financial assets	1,264.18	1,130.88

**Cash and cash equivalents and other bank balances**

Credit risk from balances with banks and financial institutions is managed by the Corporate finance department in accordance with the Company's policy. Investments of surplus funds are made only in schemes of alternate investment fund/or other appropriate avenues including term and recurring deposits with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company places its cash and cash equivalents and term deposits with banks with high investment grade ratings, limits the amount of credit exposure with any one bank and conducts ongoing evaluation of the credit worthiness of the banks with which it does business. Given the high credit ratings of these

**b) Credit risk exposure****i) Provision for expected credit losses**

The Company provides for 12 month expected credit losses for following financial assets:

As at 31 March 2024

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash	0.77	-	0.77
Other bank balances	-	-	-
Trade receivables	785.22	-	785.22
Loans	-	-	-
Other financial assets	478.19	-	478.19

As at 31 March 2023

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash	3.39	-	3.39
Other bank balances	-	-	-
Trade receivables	667.58	-	667.58
Loans	-	-	-
Other financial assets	459.90	-	459.90

**B) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity

**Maturities of financial liabilities**

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

As at 31 March 2024	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
<b>Non-derivatives</b>					
Borrowing	563.40	5.89	-	-	569.29
Trade payable	347.84	-	-	-	347.84
Lease liabilities	10.32	10.32	10.32	16.10	47.06
Other financial liabilities	19.93	-	-	-	19.93
<b>Total</b>	<b>941.49</b>	<b>16.21</b>	<b>10.32</b>	<b>16.10</b>	<b>984</b>



As at 31 March 2023	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
<b>Non-derivatives</b>					
Borrowing	602.83	6.32	-	-	609.15
Trade payable	394.84	-	-	-	394.84
Lease liabilities	10.32	10.32	10.32	41.28	72.24
Other financial liabilities	70.26	-	-	-	70.26
<b>Total</b>	<b>1,078.24</b>	<b>16.64</b>	<b>10.32</b>	<b>41.28</b>	<b>1,146</b>

**C) Market risk**

**Interest rate risk**

**i) Liabilities**

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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. The Company manages its interest rates by selection appropriate type of borrowings and by negotiation with the bankers.

**Interest rate risk exposure**

Particulars	As at 31 March 2024	As at 31 March 2023
Secured Variable rate borrowings	496.91	505.05

**Sensitivity**

Profit or loss and equity is not sensitive to higher/ lower interest expense from borrowings as a result of changes in interest rates on year to year basis:

Particulars	As at 31 March 2024	As at 31 March 2023
Increase in borrowing rate by 1%	4.97	5.05
Decrease in borrowing rate by 1%	(4.97)	(5.05)

**ii) Assets**

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.





**Pavna Auto Engineering Private Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2024**

*(All amounts are in lacs(₹), unless otherwise specified)*

**32 Related party transactions**

**A. Name of the Related Parties and description of relationship is as follows:**

- |                                                                        |                                                                                                                                                                                                              |
|------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a) Holding Company                                                     | Pavna Industries Ltd                                                                                                                                                                                         |
| b) Fellow Subsidiary                                                   | Swapnil Switches Pvt. Ltd.<br>Pavna Sun World Autotech Pvt Ltd<br>Pavna Marketing Pvt Ltd<br>Pavna Goyam Auto Pvt Ltd                                                                                        |
| c) Entity having substantial interest in the Company                   |                                                                                                                                                                                                              |
| d) Key Managerial Personnel (KMP)                                      | Shri Swapnil Jain<br>Smt. Asha Jain<br>Smt. Priya Jain                                                                                                                                                       |
| e) Related to Key Managerial Personnel (KMP)                           |                                                                                                                                                                                                              |
| f) Enterprise over which KMP exercise control or significant influence | Pavna Sports Venture Private Limited<br>PJ Wealth Management & Consultants P. Ltd.<br>Ascus Cricket Private Limited<br>Pavna Electric Systems Private Limited<br>Pavna International Schools Private Limited |



**Pavna Auto Engineering Private Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2024**

*(All amounts are in lacs(₹), unless otherwise specified)*

**Note No.- Related Party Disclosure - Contd..**

**B. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:**

Nature of Transactions	Name of Related Party	Relationship	For the year ended 31 March 2024	For the year ended 31 March 2023
	<b>Remuneration, Salary &amp; Other Expense</b>			
Building Rent	Mrs. Asha Jain	KMP	10.32	10.32
Machine Rent	Mrs. Asha Jain	KMP	0.84	0.84
Remuneration	Mrs. Priya Jain	KMP	180.00	180.00
Trade Mark Royalty	Mrs. Asha Jain	KMP	8.86	9.05
Rent	Pavna Goyam Auto PvtLtd	Fellow Subsidiary	-	5.90
	<b>Sales &amp; Purchase</b>			
Sale	Pavna Industries Ltd	Holding Company	66.27	230.09
Purchase	Pavna Industries Ltd	Holding Company	2,040.06	2,295.54
Sale	Pavna Marketing Ltd	Fellow Subsidiary	35.36	0.83
Purchase	Pavna Marketing Ltd	Fellow Subsidiary	-	2.39
			-	





Pavna Auto Engineering Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2024

(All amounts are in lacs(₹), unless otherwise specified)

Note No.- Related Party Disclosure - Contd..

C. Details of related party balances as at year end:

Nature of Transactions	Name of Related Party	Relationship	As at 31 March 2024	As at 31 March 2023
Creditors Creditors	Pavna Industries Limited Mrs. Asha Jain	Holding Company KMP	255.26	193.16 0.93



**Pavna Auto Engineering Private Limited****Notes to the financial statements for the year ended 31 March 2024***(All amounts are in lacs(₹), unless otherwise specified)***33 Capital management**

The Company's capital includes issued share capital and all other distributable reserves. The primary objective of the Company's capital management is to maximise shareholder value and to maintain an optimal capital structure to reduce the cost of capital. The Company have short term borrowings.

Companies Debt equity ratio is:

Particulars	As at 31 March 2024	As at 31 March 2023
Debt*	568.52	605.75
Equity	60.90	60.90
<b>Debt to equity ratio</b>	<b>9.34</b>	<b>9.95</b>

\* Debt includes short term borrowings + interest accrued - cash and cash equivalents

**34 Employee benefits**

The Company has adopted Indian Accounting Standard (Ind AS) - 19 on Employee Benefit as under :

**Defined contribution plans**

The company makes contribution towards employee's provident fund and employee's state insurance. The company has recognised following as contribution towards these schemes.

	For the year ended 31 March 2024	For the year ended 31 March 2023
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	30.33	26.86
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**Defined benefit plans****Gratuity**

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The liability of Gratuity is recognized on the basis of actuarial valuation.

Salary increases	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also
Discount rate	Reduction in discount rate in subsequent valuations can increase
Mortality & disability	Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent

**Amounts recognised in the balance sheet:**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Present value of the obligation	100.77	97.67
Current liability (amount due within one year)	58.54	58.77
Non-current liability (amount due over one year)	42.23	38.90

**Loss recognised in other comprehensive income:**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Actuarial loss recognised during the year	(6.41)	(9.36)

**Expenses recognised in statement of profit and loss**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Current service cost	6.99	7.87
Interest cost	6.93	5.79
<b>Cost recognised during the year</b>	<b>13.92</b>	<b>13.66</b>

**Movement in the liability recognised in the balance sheet is as under:**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Present value of defined benefit obligation at the beginning of the year	97.67	93.37
Current service cost	6.99	7.87
Interest cost	6.93	5.79
Actuarial (gain)/loss net	-	-
Actuarial loss on arising from change in demographic assumption	-	-
Actuarial loss on arising from change in financial assumption	0.26	(2.19)
Actuarial loss on arising from experience adjustment	(6.67)	(7.17)
Benefits paid	(4.41)	-
<b>Present value of defined benefit obligation at the end of the year</b>	<b>100.77</b>	<b>97.67</b>





For determination of the liability of the Company the following actuarial assumptions were used:

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Discount rate	7.0% p.a..	7.1% p.a..
Salary escalation rate	6% p.a..	6% p.a..
Retirement age (Years)	58 Years	58 Years
Withdrawal rate	15% p.a.	15% p.a.
Weighted average duration of PBO	5 years	5 years

Mortality rates inclusive of provision for disability -100% of IALM (2012 – 14)

**Sensitivity analysis for gratuity liability:**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>a) Impact of the change in discount rate</b>		
Present value of obligation at the end of the year		
Impact due to increase of 1 %	1.91	1.63
Impact due to decrease of 1 %	2.10	1.80
<b>b) Impact of the change in salary increase</b>		
Present value of obligation at the end of the year		
Impact due to increase of 1 %	2.10	1.80
Impact due to decrease of 1 %	1.94	1.66

*Sensitivities due to mortality and withdrawals are not material. Hence impact of change is not calculated*

*Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement*

**35 Segment information**

The company operates in a single reportable segment i.e. "XX", for the purpose of Ind AS 108 "Operating Segment", is considered to be the only reportable business segment. The Company derives its major revenues from the activities related to real estate construction and its customers are in India only.

**36 Contingent Liabilities and Commitments (As represented & certified by the management)**

	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>(a) Contingent Liabilities</b>		
Service Tax/Indirect Tax Matters (Note A)		
Income Tax Matters (Note B)		
Corporate Guarantees Given on behalf of related parties**		
Disputed Land related Legal cases		
	-	-
<b>(b) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for		
	-	-

**37 Disclosure under Ind AS 115 - Revenue from Contracts with Customer**

**I. Disaggregation of revenue**

Description	For the year ended 31 March 2024	For the year ended 31 March 2023
Sale of products	3,543.28	3,619.16
Sale of services	-	-
Scrap sales	-	-

**(II) Contract Assets and Contract Liabilities**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Trade receivable	-	667.58
Contract Assets - Accrued revenue	-	-
Contract Liabilities - Advance from customer	7.14	5.58

**(III) Movement of Contract liabilities**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Amounts included in contract liabilities at the beginning of the year	-	3.00
Amount received during the year	-	2.58
Performance obligations satisfied in current year	-	-
Amounts included in contract liabilities at the end of the year	-	5.58



**38 Leases****a) Company as a lessee**

The company has leases for office space and buildings. With the exception of short term leases and leases of low value underlying assets, each lease is reflected on the balance sheet as a right of use assets and a lease liability. The company has presented its right of use assets in the balance sheet separately from other assets.

Each lease generally imposes a restriction that unless there is contractual right for the company to sublease the assets to another party, the right of use assets can only be used by the company. The company is Prohibited from selling or pledging the underlying assets as security.

**i. Lease Liabilities**

Particulars	As at 31 March 2024	As at 31 March 2023
Current	2.78	5.56
Non-Current	44.28	47.06

Additions to the right of use assets during the year were Nil

**(ii) Amount recognised in Profit or loss**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Depreciation on right of use assets	6.70	6.70
Interest on lease liabilities (included in interest expense)	4.76	5.26
Expense relating to short term leases	15.02	25.10
<b>Net Impact on Statement of Profit or loss</b>	<b>26.48</b>	<b>37.06</b>

**(iii) Amount recognised in the cash flow statement**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Payment of lease liabilities- interest and principal	10.32	10.32

**(iv) Maturity of lease liabilities**

The lease liabilities are secured by the underlying assets. Further minimum lease payments were as follows:

Lease Payments	As at 31 March 2024	As at 31 March 2023
Less than 1 year	10.32	10.32
1-2 Years	10.32	10.32
2-3 Years	10.32	10.32
More than 3 Years	16.10	16.10
<b>Total</b>	<b>47.06</b>	<b>47.06</b>





