

**MICHIGAN ENGINEERS
PRIVATE LIMITED**

**50TH
ANNUAL REPORT**

**FOR THE YEAR ENDED
31ST MARCH 2023**



INDEPENDENT AUDITORS' REPORT

To The Members of MICHIGAN ENGINEERS PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying Ind AS Financial Statements of **Michigan Engineers Private Limited**. ("the Company") and its joint operations, which comprise the Balance Sheet as at 31st March 2023, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and Notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS Financial Statement")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS financial



statements under the provisions of the Act 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 audit opinion on the Financial Statements.

Information Other than the Ind AS Financial Statements and Auditor's Report Thereon

3. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the Ind AS Financial Statements and our auditor's report thereon. Our opinion on the Ind AS 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 Ind AS 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 communicate the matter to those charged with governance.

Responsibility of Management for the Ind AS Financial Statements

4. The Company's Management and Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

5. Our objectives are to obtain reasonable assurance about whether the Ind AS 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:

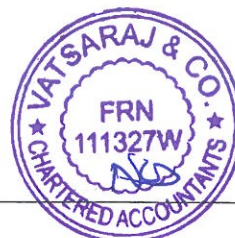
- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is



higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements 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 the management's use of the going concern basis of accounting in preparation of financial statements 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 Ind AS 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 Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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.

Other Matters

6. The Ind AS Financial Statement also includes the financial statement of 5 unincorporated joint operations which have been audited by other auditor, whose financial statement reflect the Net Total Assets of Rs 351.13 Lakhs as at 31st March 2023, Company's Share in Total revenue is Rs 7,093.21 Lakhs, Total Profit (net) after tax of Rs 309.30 Lakhs and total comprehensive income (net) of NIL for the year ended 31st March,2023, as considered in these financial results. These Ind AS financial statements / financial information have been audited by other auditors whose report have been furnished to us by the management and our opinion on the Ind AS financial statements, in so far it relates to the amounts and disclosure in respect of the other auditors.
7. The Ind AS Financial Statement include the financial results of 13 unincorporated joint operations which have not been audited by their auditors, whose financial results reflect the Net Total Assets of Rs 354.09 Lakhs as at 31st March 2023, Company's Share in Total revenue is Rs 2,312.63 Lakhs, Total Profit (net) after tax of Rs 31.93 Lakhs and total comprehensive income (net) of NIL for the year ended 31st March, 2023, as considered in these financial statements and other financial information's.
8. These unaudited financial statements / financial information / financial results referred in Para 7 above have been approved and furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these joint operations is based solely on such unaudited financial statements / financial information / financial results. In our opinion and according to the information and explanations given to us



by the Management, these financial statements / financial information / financial results are not material to the Company.

9. Our opinion on the Statement is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors referred in Para 6 and the financial results / financial information certified by the Management referred in Para 7 above.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditors' Report) Order, 2020 ("the Order") issued by the Central Government in terms of sub-section 11 of Section 143 of the Act, we give in the "Annexure A" of this report a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. As Company does not have any subsidiary or associate enterprise, hence consolidated financial statements is not prepared. Hence Paragraph 3(xxi) of Companies (Auditor's Report) Order (CARO) is not applicable.
11. 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 of the aforesaid Ind AS Financial Statement;
 - 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 including Other Comprehensive Income, the Statement of Changes in Equity and the statement of Cash Flow dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act;
 - e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.



f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Financial Statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure B” to this report;

g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirement section 197(16) of the Act, as amended:

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

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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as at 31st March, 2023 on its financial position in its Ind AS financial statements to the extent determinable/ascertainable. – Refer Note 35 to the Ind AS Financial Statements.
- 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 its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kinds of funds) by the Company to or in any other persons or entities, 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 or ("Ultimate Beneficiaries") or provide any guarantee, security or the like to or on behalf of the ultimate Beneficiaries.

(b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, 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.

(c) Based on such audit procedures as 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 iv(a) and iv (b) contain any material mis-statement.

- v. During the year no dividend is declared or paid by the company.
- i) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For Vatsaraj & Co.

Chartered Accountants

FRN: 111327W

N. Dedhia

CA Nitesh K Dedhia

Partner

M. No.:114893

UDIN: 23114893 B9THPL9181

Mumbai, 12th May, 2023



Annexure A to the Independent Auditors' Report on Ind AS Financial Statements of Michigan Engineers Private Limited as on 31st March 2023, referred to in paragraph 1 under "Report on Other Legal and Regulatory requirement" section of our report of even date, we report the following:

- i. (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment & right of use assets.
(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The property, plant and equipment & right of use assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification programme adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in Note 2 to the financial statements are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment, (including Right of Use assets) or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- ii. (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records.



(b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets; according to the information and explanations given to us and on the basis of our examination of the records, the quarterly returns and statements comprising stock and creditors statements, book debt statements and other stipulated financial information filed by the Company with such bank are having difference with the unaudited books of account of the Company, of the respective quarters and those differences are of explainable items and in nature. (Refer Note 50) to the financial statements.

iii (a) The Company has not provided any loans or provided any advances in the nature of loans, or security to any entity during the year.
The company has provided guarantee to joint operations during the year as per details given below:

Particulars	Bank Guarantees (In Lakhs)	Loans- unsecured (In Lakhs)
Aggregate amount granted /provided during the year		NIL
Joint Operations	1,179.74	
Others		NIL
Balance Outstanding as at balance sheet date in respect of the above cases		
Joint Operations	2,814.10	
Other		NIL

(b) In our opinion, the guarantee provided by the Company are prima facie, not prejudicial to the interest of the company



- (c) The company has not granted any loans or advances in the nature of loans during the year and therefor reporting under clause 3(iii)(c) is not applicable
 - (d) The company has not granted any loans or advances in the nature of loans and thus there is no overdue amount during the year.
 - (e) The Company had granted loans which had fallen due during the year and were repaid on or before the due date.
 - (f) The Company has not granted any loan(s) or advance(s) in the nature of loan(s), which are repayable on demand or without specifying any terms or period of repayment.
- iv According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has complied with the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") for granting of guarantees.
- v In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- vi The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/ services / business activities. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- vii (a) In our opinion, and according to the information and explanations given to us, 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 other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us, there are no disputed dues which have not been deposited as on March 31, 2023, except for the following:

Name of Statute	Nature of Dues	Amount (Rs. In Lacs)	Period to which it relates	Forum where pending
The Finance Act 1994	Service Tax	1,271.85	01-04-06 to 31-03-13	CESTAT, Mumbai

viii According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.

- 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 during the year.
- (b) According to the information and explanations given to us including and confirmations received from banks and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.



- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its joint operations. The Company does not have any investment in Subsidiary or Associates.
- (f) The Company does not hold any investment in any subsidiary, associate (as defined under the Act) during the year ended 31st March 2023. During the year Company has not pledge any securities held in Joint operations.
- x (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, recording under 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 (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- xi (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.

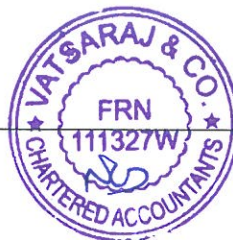


- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- xii The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- xiv (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as per the provisions of section 138 of the Act which is commensurate with the size and nature of its business
- (b) During the year Internal Audit has been conducted by the company however we were unable to obtain the internal audit report of the company, hence the internal audit reports have not been considered by us.
- xv According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of



the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.

- xvi (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3(xvi)(a) of the Order are not applicable to the Company.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable.
- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.
- xvii The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.
- xviii There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- 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, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management 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 indicating 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

According to the information and explanations given to us, the Company does not have any unspent amounts towards Corporate Social Responsibility in respect of any ongoing or other than ongoing project as at the end of the financial year. Accordingly, reporting under clause 3(xx) (a) & (b) of the Order is not applicable to the Company.

For Vatsaraj & Co.

Chartered Accountants

FRN: 111327W



CA Nitesh K Dedhia

Partner

M. No.:114893

Mumbai, 12th May, 2023



ANNEXURE B to Independent Auditors' Report on the Ind AS Financial Statement of Michigan Engineers Private Limited, Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act, referred to in paragraph 2(f) under "Report on Other Legal and Regulatory requirement" section of our report of even date.

We have audited the internal financial controls over financial reporting of Michigan Engineers Private Limited ("the Company") as of 31st March, 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls



over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.



Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these Financial Statements and such internal financial controls over financial reporting were operating effectively as at 31st March, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Vatsaraj & Co.

Chartered Accountants

FRN: 111327W

Nitesh K Dedhia
CA Nitesh K Dedhia

Partner

M. No.:114893

Mumbai, 12th May, 2023



MICHIGAN ENGINEERS PRIVATE LIMITED


Balance Sheet as at March 31, 2023

(Amount in Rs.Lakhs)

As at March 31,		2023	2022
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	2	5,931.13	5,911.51
Capital work-in-progress	2	-	26.09
Intangible assets	2	3.17	5.10
Right to use of lease assets	2	87.56	129.44
Financial assets			
Other financial assets	3	619.81	472.52
Other Non-current assets	4	382.49	45.83
Deferred tax assets (net)	20	636.64	606.88
Non-current tax assets (net)	20	528.49	483.96
Current assets			
Inventories	5	6,723.90	6,537.20
Financial assets			
Trade receivables	6	2,970.72	2,494.97
Cash and cash equivalents	7	292.89	945.68
Other bank balances	8	92.66	71.53
Other financial assets	9	9,233.60	5,964.72
Other current assets	10	2,495.87	2,940.69
Total Assets		29,998.91	26,636.11
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	11	173.57	173.57
Other equity	12	19,838.41	16,319.93
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease Rent Liability		36.55	75.18
Borrowings	13	297.56	160.00
Other financial liabilities	14	1,931.57	1,675.93
Provisions	15	123.39	98.05
Current liabilities			
Financial liabilities			
Borrowings	16	837.62	156.44
Trade payables			
a) Total Outstanding Dues of Micro enterprises and Small enterprises.	17	496.11	590.51
b) Total Outstanding Dues for Creditors other than micro enterprises and small enterprises	17	4,558.03	4,806.25
Lease Rent Liability		46.30	45.28
Other current liabilities	18	937.51	2,341.47
Provisions	19	9.21	10.76
Current tax liabilities (net)	20	713.08	182.73
Total Equity and Liabilities		29,998.91	26,636.11
Significant Accounting policies	1		
Notes forming part of financial statements	2 - 54		

In terms of our report of even date attached

For Vatsaraj & Co.
Chartered Accountants
Firm Regn. No. : 111327W


CA. Nitesh K Dedhia
Partner
Membership No. 114893

Place : Mumbai
Date : 12 May 2023



For and on behalf of Board


Maurin M. Patel
Managing Director
DIN: 00909324

Place : Mumbai
Date : 12 May 2023




Rupen P. Patel
Director
DIN: 00029583

MICHIGAN ENGINEERS PRIVATE LIMITED

Statement of Profit & Loss

(Amount in Rs. Lakhs)

For the year ended ,		31st March 2023	31st March 2022
	Notes		
INCOME			
Revenue from operations	22	31,344.17	28,771.55
Other Income	23	612.83	557.20
Total Income		31,957.00	29,328.75
EXPENSES			
Cost of Construction	24	21,527.19	21,702.52
Employee benefits expense	25	1,473.96	1,467.32
Finance costs	26	666.49	679.57
Depreciation and amortisation expense	2	1,240.40	1,329.55
Other expenses	27	2,027.51	425.57
Total expenses		26,935.55	25,604.53
Profit/ (loss) before exceptional items and tax (I-II)		5,021.45	3,723.21
Exceptional items (Expense)		-	751.92
Profit / (Loss) before tax		5,021.45	2,971.29
Tax expense / (benefit)			
Current tax	20	1,536.55	832.23
Adjustment of tax relating to earlier periods	20	(2.14)	16.33
Deferred tax expense/(benefit)	20	(30.25)	(97.27)
Total tax expense / (benefit)		1,504.16	751.29
Profit / (Loss) for the year from continuing operations		3,517.29	2,220.00
Other comprehensive income			
A. Items that will not be reclassified to profit or loss:			
Re-measurement gain / (loss) on defined benefit plans	21	1.68	14.91
Income tax effect on above	20	(0.49)	(4.34)
Net other comprehensive income not to be reclassified to profit or loss			
B. Items that will be reclassified to profit or loss:			
Net gain / (loss) on instruments carried at fair value through OCI			
Income tax effect on above			
Total other comprehensive income / (loss), net of tax (A+B)		1.19	10.57
Total comprehensive income / (loss) for the year		3,518.48	2,231.58
Earning per equity share of Rs.10 each (basic and diluted)			
Continuing Operations		0.00	0.00
Discontinued Operations		-	-
Continuing & Discontinued Operations		0.00	0.00
Significant Accounting policies	1		
Notes forming part of financial statements	2 - 54		

In terms of our report of even date attached

For Vatsaraj & Co.

Chartered Accountants

Firm Regn. No. : 111327W

CA. Nitesh K Dedhia
Partner
Membership No. 114893

Place : Mumbai
Date : 12 May 2023



For and on behalf of Board

Saurin M. Patel
Managing Director
DIN: 00909324

Rupen P. Patel
Director
DIN: 00029583

Place : Mumbai
Date : 12 May 2023

MICHIGAN ENGINEERS PRIVATE LIMITED

Statement of Cash flow

(Amount in Rs. Lakhs)

For the year ended March 31,	2023	2022
Cash flow from operating activities		
1. Profit before tax	5,021.45	2,972.29
Loss from continuing operations	-	-
Profit from discontinued operations	-	-
	<u>5,021.45</u>	<u>2,972.29</u>
2. Adjustment for :		
Depreciation and amortisation expense	1,240.40	1,329.55
Finance cost	666.49	679.57
Interest income	(116.42)	(106.43)
Dividend income	-	-
Bad debts	-	-
Provision for doubtful debts	-	-
Assets not eligible for recognition under Ind AS	-	-
Loss on sale of property, plant and equipment, net	-	-
Gain on sale of units of Mutual Funds	5.71	5.70
Unrealised foreign exchange rate difference (gain) loss, net	-	-
Excess provision written back	-	-
Profit on sales of investment in shares	-	-
Operating profit before working capital changes (1+2)	6,817.63	4,880.68
3. Adjustments for working capital changes:		
Decrease / (Increase) in Trade and other receivables	(3,635.46)	736.73
Decrease / (Increase) in Inventories	(186.70)	569.78
(Decrease) / Increase in Trade and other payables	(1,505.77)	1,051.64
Cash used in operations	1,489.70	7,238.84
Extraordinary item		
4. Direct taxes (paid)/refund	(1,046.90)	(785.19)
Net Cash generated from/(used in) operating activities [A]	442.79	6,453.65
Cash Flow from investing activities		
Proceeds from (Purchase) of fixed assets	(1,205.57)	(451.17)
Proceeds from sale of fixed assets	15.44	5.57
(Purchase) Proceeds of current investments (Net)	-	-
(Increase) Decrease in amount due to receivable on slump sale of Injectable Business	-	-
Investment in subsidiary companies	-	-
Purchase of non current investments (Net)	-	-
Dividend received	-	-
Interest received	116.42	106.43
Loss on sale of property, plant and equipment, net	(5.71)	(5.70)
Net cash generated from/(used in) investing activities [B]	(1,079.42)	(344.88)
Cash flow from financing activities		
Proceeds from long term borrowings, net	137.56	(6.35)
Proceeds from short term borrowings, net	681.19	(4,900.63)
Dividend paid (including tax impact thereon)	-	-
Finance cost	(666.49)	(679.57)
Net cash generated from/(used in) financing activities [C]	152.25	(5,586.55)
Net increase/(decrease) in cash & cash equivalents [A+B+C]	(484.37)	522.22
Cash & cash equivalents at the beginning of the year	1,489.73	967.51
Cash & cash equivalents at the end of the year	<u>1,005.36</u>	<u>1,489.73</u>
Notes:		
I A) Components of cash & cash equivalents		
Cash on hand	49.24	52.91
Cheques on hand	-	-
Balances with banks		
- In Current accounts	99.83	484.36
- In Margin money	-	-
- In Fixed deposit accounts	143.82	408.41
	<u>292.89</u>	<u>945.68</u>
B) Cash and cash equivalents not available for immediate use		
In Margin money and fixed deposit accounts	712.47	544.05
Unclaimed share application money lying in escrow account	-	-
Unclaimed dividend account	-	-
	<u>712.47</u>	<u>544.05</u>
Cash & cash equivalents as per Note 13 (A+B)	1,005.36	1,489.73

2 The amendments to IND-AS 7 Cash Flow Statements requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment has become effective from 1st April, 2017 and the required disclosure is made below. There is no other impact on the financial statements due to this amendment.

3 The above cashflow statement has been prepared under the 'indirect method' as set out in the Indian Accounting Standard - 7 "Statement of Cash Flows".

4 The previous year's figures have been regrouped wherever necessary.

In terms of our report of even date attached

For Vatsaraj & Co.
Chartered Accountants
Firm Regn. No. : 111327W

CA. Nitesh K Dedhia
Partner
Membership No. 114893

Place : Mumbai
Date : 12 May 2023



For and on behalf of Board

Shurin M. Patel
Managing Director
DIN: 00909324

Rupen P. Patel
Director
DIN: 00029583

Place : Mumbai
Date : 12 May 2023

MICHIGAN ENGINEERS PRIVATE LIMITED

Statement of changes in equity for the year ended on March 31, 2023

A. Equity share capital

(Amount in Rs. Lakhs)


Balance as at April 1, 2021	173.57
Changes in Equity share capital during the year	-
Balance as at March 31, 2022	173.57
Balance as at April 1, 2022	173.57
Changes in Equity share capital during the year	-
Balance as at March 31, 2023	<u>173.57</u>

B. Other equity

Particulars	Reserves and Surplus				Total
	General Reserve	Security premium	Retained Earnings	Other items of Other Comprehensive Income	
Balance as at April 1, 2021	4,073.45	826.44	9,195.60	-7.12	14,088.36
Profit for the year	-	-	2,221.00	-	2,221.00
On account of IND AS adjustments	-	-	-	-	-
Items of OCI, net of tax	-	-	-	-	-
Re-measurement losses on defined benefit plans	-	-	-	10.57	10.57
Dividend including tax impact thereon	-	-	-	-	-
Balance as at March 31, 2022	4,073.45	826.44	11,416.60	3.45	16,319.93
Balance as at April 1, 2022	4,073.45	826.44	11,416.60	3.45	16,319.93
Profit for the year	-	-	3,517.29	-	3,517.29
Items of OCI, net of tax	-	-	-	-	-
Re-measurement losses on defined benefit plans	-	-	-	1.19	1.19
Dividend including tax impact thereon	-	-	-	-	-
Balance as at March 31, 2023	4,073.45	826.44	14,933.89	4.64	19,838.41

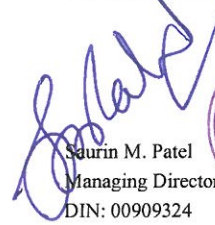
In terms of our report of even date attached


For Vatsaraj & Co.
Chartered Accountants
Firm Regn. No. : 111327W

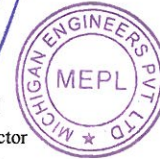

CA. Nitesh K Dedhia
Partner
Membership No. 114893



For and on behalf of Board


Saurin M. Patel
Managing Director
DIN: 00909324


Rupen P. Patel
Director
DIN: 00029583



Place : Mumbai
Date : 12 May 2023

Place : Mumbai
Date : 12 May 2023

MICHIGAN ENGINEERS PRIVATE LIMITED

Notes to Financial Statement for the year ended 31st March, 2023.

Note 1 (A): Corporate information

Incorporated in 1973 and headquartered in Mumbai, the Company is a renowned civil construction company in the urban water infrastructure segment and one of the leading players in microtunnelling and pipeline rehabilitation projects in India.

The Financial Statements were authorised for issue in accordance with a resolution of the directors on 12th May 2023.

Note 1 (B): Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The financial statements have been prepared on a historical cost basis, on the accrual basis of accounting except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Indian Rupees except where otherwise indicated. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off.

Note 1 (C): Significant accounting policies and key accounting estimates

A) Significant accounting policies

1. Current / non-current classification

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

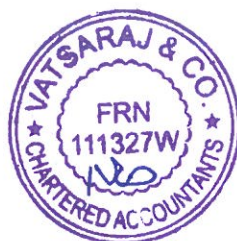
A liability is treated as current when it is:

- expected to be settled in normal operating cycle;
- held primarily for the purpose of trading;
- 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.

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



2. Foreign currencies

The Company's Financial Statements are prepared in Indian Rupee ("Rupee") which is the also the Company's functional currency.

Transactions and balances

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction, i.e. spot rate. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

3. 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.

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:

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

External valuers are involved, wherever required, for valuation of significant assets, such as properties, unquoted financial assets and significant liabilities. Involvement of external valuers is decided upon by the Company after discussion with and approval by the Company's management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Company, after discussions with its external valuers, determines which valuation techniques and inputs to use for each case.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.



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

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

4. Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition including attributable interest and finance costs till the date of acquisition / installation of the assets and improvement thereon less accumulated depreciation and accumulated impairment losses, if any.

Cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use. Property, plant and equipment costing ₹5,000 or less are not capitalized and charged to the Statement of Profit and Loss.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

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

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

On transition to Ind-AS, the Company has elected to continue with the carrying value of all of Property Plant and Equipment recognised as at April 1, 2016 measured as per previous GAAP and use that carrying value as the deemed cost of the intangible assets.

5. Depreciation

As per the Schedule II of the Companies Act 2013, effective April 01, 2014 the management has internally reassessed the useful lives of assets to compute depreciation wherever necessary, to conform to the requirements of the Companies Act, 2013 which is:

Assets	Estimated useful life
Factory building / building	30 years
Plant & Machinery -Tools capitalized	9/12/15/20 years 3-8 years (as per management estimate)
Motor Cars / Motor Truck	8 Years
Furniture / Electrical Equipments	10 Years
Office Equipments	5 Years
Computer / Software	3/ 6 Years

6. Borrowing costs

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.



7. Intangible assets

Intangible assets acquired separately are measured, on initial recognition, at cost. Following the initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The amortisation expense on intangible assets is recognised in the statement of profit and loss. Intangible assets are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

8. Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Company bases its impairment calculation on detailed budgets and forecast calculations. Impairment losses are recognised in the statement of profit or loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses on assets no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

9. Inventories

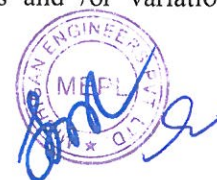
The stock of construction materials, stores, spares and embedded goods and fuel is valued at cost (on weighted average basis), or net realizable value, whichever is lower and work in progress of construction contracts at contract rate.

Project work in progress is valued at contract rates and site mobilization expenditure of incomplete contracts is stated at lower of cost or net realizable value.

10. Revenue recognition

Accounting for construction contracts:

Revenue from contracts is recognized on the basis of percentage of completion method, based on the stage of completion at the balance sheet date, billing schedules agreed with the client on a progressive completion basis taking into account the contractual price and the revision thereto by estimating total revenue including claims / variations and total cost till completion of the contract and the profit is recognized in proportion to the value of work done when the outcome of the contract can be estimated reliably. In case the estimated total cost of a contract based on technical and other estimate is expected to exceed the corresponding contract value, such excess is accounted for Price/quantity escalation claims and /or variations are



recognized on acceptance of concerned authorities or on evidence of its final acceptability. Revenue in respect of other claims are accounted as income in the year of receipt of award. Other revenues and expenses are accounted on accrual basis.

Revenue from sale of goods is recognized when the substantial risk and rewards of ownership is transferred to the buyer, which is generally on dispatch and the collectability is reasonably measured. Revenue from product sales are shown as net of all applicable taxes and discount.

The Ministry of Corporate Affairs vide notification dated 28th March, 2018 has made "Revenue from Contracts with Customers" (IND AS 115) mandatory w.e.f. 1st April, 2018. The Company has applied retrospective approach, as per para C3(b) of IND AS 115, to contracts which were not completed as on 1st April, 2018 and the cumulative effect of applying this standard is recognised at the date of initial application i.e. 1st April, 2018 in accordance with para C7 of IND AS 115.

11. Interest in joint arrangements

As per Ind AS 111 – Joint Arrangements, investment in joint arrangement is classified as either joint operation or joint venture. The classification depends on the contractual rights and obligations of each investor rather than legal structure of the joint arrangement.

The Company recognizes its direct right to assets, liabilities, revenue and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

12. Foreign currency transaction / translations

Transactions in foreign currency including acquisition of fixed assets are recorded at the prevailing exchange rates on the date of the transaction. All monetary assets and monetary liabilities in foreign currencies are translated at the relevant rates of exchange prevailing at the year-end. Exchange difference arising out of payment / restatement of liabilities is recognized in the statement of Profit and Loss.

13. Financial instrument :

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

a) Financial asset :

Recognition and measurement:

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

Investments in subsidiaries and associate are carried at cost as per Ind AS 27 'Separate Financial Statements'. In case, the investments are classified as held for sale, such investments are accounted for in accordance with Ind AS 105 'Non-current Assets Held for Sale and Discontinued Operations'.

b) Financial liabilities

Recognition and measurement

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

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



14. Cash and cash equivalents

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

15. Taxes

Current Tax

Provision for current tax is recognized based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961.

Deferred Tax

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the balance sheet dates. The effect on the deferred tax assets and liabilities of a change in tax rate is recognized in the period that includes the enactment date. Deferred tax assets are recognized only to the extent there is virtual certainty of realization in future.

16. Employee benefits

Short term employee benefits:

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid 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.

Defined contribution plans

Contribution towards provident fund/family pensions are made to the recognized funds, where the company has no further obligations. Such benefits are classified as defined contribution schemes as the company does not carry any further obligations, apart from the contributions made on a monthly basis.

Defined benefit plans:

Provisions for incremental liability in respect of gratuity and leave encashment is made as per independent actuarial valuation on projected unit credit method made at the year-end.

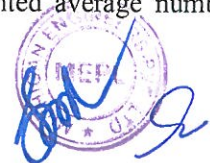
Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in statement of profit and loss.

17. Provisions, contingent liabilities and contingent assets

The company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are disclosed where an inflow of economic benefits is probable.

18. Earnings per share

The company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of



ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

19. Leases

The Company has adopted the new accounting standard Ind AS 116 “Leases” on April 1, 2019 as per Companies (Indian Accounting Standards) amendment Rules, 2019, notified by MCA on March 30, 2019. Ind AS 116 is a single lessee accounting model and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

Transition to Ind AS 116

The Company has adopted Ind AS 116, effective annual reporting period beginning on April 1, 2019 and applied the standard to its leases, retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application without making any adjustment to opening balance of retained earnings. The adoption of the standard did not have any material impact on the Financial Statement of the Company. On application of IndAS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use assets (ROU), and finance cost for interest accrued on lease liability. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

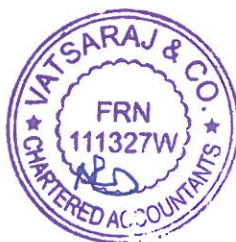
As a lessee:

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. In case of finance lease, at the commencement date of the lease the Company recognizes a lease liability measured at the present value of the lease payments that are not paid at that date. The lease payments included in the measurement of the lease liability consist of the payments for the right of use the underlying assets during the lease term that are not paid at the commencement date of the lease.

The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate. The Company recognizes a right-of-use asset from a lease contract at the commencement date of the lease, which is the date that the underlying asset is made available for use.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any initial direct costs incurred and any lease payments made at or before the commencement date of the lease less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any and adjusted for any re measurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

Leases which are of short term lease with the term of twelve months or less and low value in which 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 Statement of Profit and 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.



B) Key accounting estimates

1. Defined benefit plan

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

The parameter that is subject to change the most is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

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

2. Property, Plant and Equipment

Refer to Note 1 (C) A) - 5 for the estimation of useful life of Property, Plant and Equipment. The carrying values of Property, plant and equipment have been disclosed in Note 2.

3. Allowance for doubtful trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Customers of the Company mainly consist of the government promoted entities having strong credit worthiness. Based on the fact that company has no history of bad debts no provision has been made for any doubtful receivables.



MICHIGAN ENGINEERS PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS

2 Property, Plant and Equipment:

Particulars	Gross Block (At Cost)			Depreciation			(Amount in Rs. Lakhs)	
	As on 31.03.2022	Additions (Deductions) during the Period	As on 31.03.2023	Upto 31.03.2022	Provided/ (Deductions) during the Period	Upto 31.03.2023	As on 31.03.2023	As on 31.03.2022
A) Tangible Assets								
Land	1,580.72	-	1,580.72	-	-	-	1,580.72	1,580.72
Factory Building	357.79	-	357.79	254.14	8.90	263.04	94.75	103.65
Office Premises	0.85	-	0.85	0.35	0.04	0.39	0.46	0.50
Plant and Machinery	9,957.35	1,094.36	10,923.68	5,854.06	1,147.02	6,884.41	4,039.27	4,103.29
Office Equipments	28.97	128.04	35.08	18.65	116.67	24.40	10.68	10.33
Furniture and Fixtures	18.87	7.20	25.19	14.31	6.61	14.99	10.20	4.55
Office Containers	115.45	1.09	125.41	76.09	1.49	85.36	40.05	39.36
Motor Lorries	85.90	15.80	101.70	60.43	8.56	68.99	32.71	25.47
Motor Cars	163.26	86.50	227.97	123.17	9.75	114.55	113.42	40.10
Computers	19.37	21.80	26.97	15.83	18.37	18.10	8.87	3.54
		10.46			4.97			
		2.86			2.70			
Total A	12,328.56	1,231.66	13,405.36	6,417.05	1,196.59	7,474.23	5,931.13	5,911.51
		154.85			139.41			
B) Capital Work-in-Progress								
Plant and Machinery	26.09	26.09	-	-	-	-	-	26.09
Motor Lorries	-	-	-	-	-	-	-	-
Software	-	-	-	-	-	-	-	-
Total B	26.09	26.09	-	-	-	-	-	26.09
C) Intangible Assets								
Computer Softwares	50.41	-	50.41	45.31	1.93	47.24	3.17	5.10
Total C	50.41	-	50.41	45.31	1.93	47.24	3.17	5.10
D) Right to use Assets								
Right to use of lease assets (Building)	137.05	-	137.05	7.61	41.88	49.49	87.56	129.44
Total D	137.05	-	137.05	7.61	41.88	49.49	87.56	129.44
Total A + B + C + D	12,521.10	1,205.57	13,592.82	6,469.97	1,240.40	7,570.96	6,021.86	6,072.13
Previous Year	12,109.61	451.17	12,542.10	5,153.53	1,329.55	6,469.97	6,072.13	6,956.08
		18.69			13.12			

2a Capital-Work-in Progress (CWIP) ageing Schedule :

Capital-Work-in Progress (CWIP)	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	26.09	-	-	-	26.09
Projects temporarily suspended	-	-	-	-	-

As On 31.03.2022

As On 31.03.2023



MIHIGAN ENGINEERS PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS

(Amount in Rs. Lakhs)

For the year ended 31st March,

2023

2022

Rs.

Rs.

3 Other Non current financial assets

In Fixed Deposits with maturity more than 12 months

619.81

472.52

619.81

472.52

4 Other Non current assets

Capital Advances

382.49

45.83

382.49

45.83

5 Inventories:

Materials and Stores

2,637.51

2,947.22

Work In Progress

4,086.39

3,589.97

(As technically valued and certified by the Management)

6,723.90

6,537.20

6 Trade Receivables:

Trade Receivables from Other

2,970.72

2,494.97

Total Trade Receivables

2,970.72

2,494.97

Break up of Security Details

Secured, considered Good

Un-Secured, considered Good

Doubtful

Total

Allowance for Doubtful trade Receivable

Total Trade Receivables

2,970.72

2,494.97

-

-

2,970.72

2,494.97

-

-

2,970.72

2,494.97

Trade Receivable ageing schedule as on 31st March, 2023

Outstanding for following periods from due date of payment

Particulars	Less than 6 months	6 months 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables – considered good	2,367.89	327.44	89.10	70.31	115.97	2,970.72
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered doubtful	-	-	-	-	-	-
Total	2,367.89	327.44	89.10	70.31	115.97	2,970.72

Trade Receivable ageing schedule as on 31st March, 2022

Outstanding for following periods from due date of payment

Particulars	Less than 6 months	6 months 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables – considered good	2,211.32	88.73	20.86	92.33	81.72	2,494.97
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered doubtful	-	-	-	-	-	-
Total	2,211.32	88.73	20.86	92.33	81.72	2,494.97

7 Cash and cash Equivalents:

Balance with Banks :

In current Accounts

99.83

484.36

In Fixed Deposits with maturity less than 3 months

143.82

408.41

243.65

892.77

Cash on Hand

49.24

52.91

292.89

945.68

8 Other bank balances

In Fixed Deposits with maturity more than 3 months & less than 12 months

92.66

71.53

92.66

71.53

9 Other current Financial Assets

Retention Deposit

4,671.71

3,808.99

Security Deposit

293.18

271.61

Other Deposit

3,758.18

1,853.58

Other Financial Assets

510.53

30.55

9,233.60

5,964.72

10 Other current assets

Prepaid expenses

601.13

266.65

Advances to employees

5.78

10.37

Advances to suppliers

389.28

640.32

Balance with statutory authorities

1,413.10

1,462.45

Other advances

86.58

560.89

2,495.87

2,940.69



MICHIGAN ENGINEERS PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS

(Amount in Rs. Lakhs)

For the year ended 31st March,	2023		2022	
	Number	Rs.	Number	Rs.
11 Share Capital:				
a) Authorised:				
Equity Shares of Rs.10/- each.	1,50,00,000	1,500.00	1,50,00,000	1,500.00
		<u>1,500.00</u>		<u>1,500.00</u>
b) Issued, Subscribed and fully paid up:				
Equity Shares of Rs.10/- each	17,35,720	173.57	17,35,720	173.57
		<u>173.57</u>		<u>173.57</u>
c) Shares held by Holding Company,Patel Engineering Limited (included above)	8,85,220		8,85,220	
d) Reconciliation of Equity Shares outstanding at the beginning and at end of the period				
	Number		Number	
Balance as on April 1st	17,35,720		17,35,720	
Issued during the year	-		-	
Balance as on March 31st	17,35,720		17,35,720	
e) Shares held by each shareholder more than 5% and Promoters		2023		2022
Name of the shareholder	Number	%	Number	%
Patel Engineering Limited	8,85,220	51%	8,85,220	51%
Saurin M. Patel	8,50,500	49%	8,50,500	49%
	<u>17,35,720</u>	<u>100%</u>	<u>17,35,720</u>	<u>100%</u>

f) Terms/rights attached to shares:

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the no. of equity shares held by the shareholder.

12 Other equity

Refer to the statement of changes in equity for movement in Other equity.

Nature and purpose of reserves

Security Premium

The amount received in excess of face value of the equity shares, in relation to issuance of equity, is recognised in Securities Premium Reserve.

General reserve

General reserve is created from time to time by way of transfer profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to the shareholders.



MICHIGAN ENGINEERS PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS

(Amount in Rs. Lakhs)

For the year ended 31st March,

	<u>2023</u>	<u>2022</u>
	Rs.	Rs.
20 Income taxes		
1 Components of Income tax expense		
The major component of Income tax expense for the year ended on March, 2023 and March,2022 are as follows:		
Statement of Profit and Loss		
Current tax		
Current income tax	1,536.55	832.23
Adjustment of tax relating to earlier periods	-	2.14
Deferred tax		
Deferred tax expense	-	30.25
	<u>1,504.16</u>	<u>751.29</u>
Other comprehensive income		
Deferred tax on		
Net loss/(gain) on actuarial gains and losses	0.49	4.34
	<u>0.49</u>	<u>4.34</u>
Income tax expense as per the statement of profit and loss	<u>1,504.65</u>	<u>755.63</u>
2 Reconciliation of effective tax		
Profit before tax from continuing and discontinued operations	5,021.45	2,972.29
Tax Amount	1,462.00	865.53
<i>Adjustments for:</i>		
Income on which tax is not required to paid		
Tax required to pay at different rate	-	-
Other Adjustment	42.16	-
	<u>1,504.16</u>	<u>751.29</u>

3 Movement in deferred tax assets and liabilities

For the year ended on March 31, 2022

Particulars	As at April 1, 2021	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at March 31, 2022
Deferred tax assets/(liabilities)				
i. Depreciation	492.18	86.93	-	579.11
ii. Retirement Benefits	20.97	10.71	-	31.69
iii. Amortisation Processing fees	-	0.42	-	0.42
iv. Other Comprehensive Income (OCI)	0.80	-	5.14	-
	<u>513.95</u>	<u>92.93</u>	<u>-</u>	<u>606.88</u>

For the year ended on March 31, 2023

Particulars	As at April 1, 2022	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at March 31, 2023
Deferred tax assets/(liabilities)				
i. Depreciation	579.11	19.21	-	598.32
ii. Retirement Benefits	31.69	6.93	-	38.61
iii. Amortisation Processing fees	0.42	-	0.23	-
iv. Other Comprehensive Income (OCI)	-	4.34	3.85	-
	<u>606.88</u>	<u>29.76</u>	<u>-</u>	<u>636.64</u>

4 Non Current tax assets and liabilities

Non Current Tax Asset		
Income Tax Advances (net of Provisions)	528.49	483.96
Current Tax Liability		
Income Tax Provision (net of Payments)	713.08	182.73



MICHIGAN ENGINEERS PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS

For the Year ended 31st March,

(Amount in Rs. Lakhs)

	2023	2022
	Rs.	Rs.
21 Employee benefits		
A. Defined contribution plans:		
The Company deposits amount of contribution to government under PF and other schemes operated by government.		
Amount of Rs. 35,45,165 (P.Y. : Rs. 40,12,297) is recognised as expenses and included in Note 25 "Employee benefit expense"		
Provident fund and other Funds	35.45	40.12
	<u>35.45</u>	<u>40.12</u>

B. Defined benefit plans:

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

(a) Gratuity

The Company operates gratuity plan wherein every employee is entitled to the benefit as per scheme of the Company, for each completed year of service. The benefit vests only after five years of continuous service, except in case of death/disability of employee during service. The vested benefit is payable on separation from the Company, on retirement, death or termination.

March 31, 2023 : Changes in defined benefit obligation and plan assets

Gratuity - Defined benefit obligation			
Opening Balance	92.93		67.71
Gratuity cost charged to statement of profit and loss			
Service cost	9.69		8.68
Net interest expense	6.72		4.65
Benefit paid	- 3.18		- 3.02
Sub-total included in statement of profit and loss		106.16	78.02
Benefit paid			
Remeasurement gains/(losses) in other comprehensive income			
Return on plan assets (excluding amounts included in net interest expense)			
Actuarial changes arising from changes in demographic assumptions	-		0.67
Actuarial changes arising from changes in financial assumptions	- 2.02		- 2.16
Experience adjustments	3.70		16.40
Sub-total included in OCI		1.68	14.91
Defined benefit obligation		107.84	92.93
Fair value of plan assets			
Total benefit liability		<u>107.84</u>	<u>92.93</u>

The company does not have any plan asset.

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

Discount rate	7.52%	7.23%
Future salary increase	5.00%	5.00%
Attrition rate	3%	3%
Mortality rate during employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)

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

Gratuity

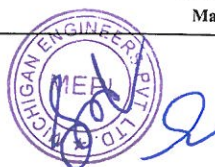
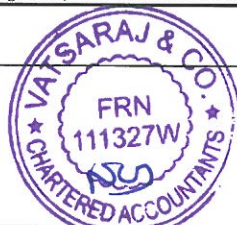
Particulars	Sensitivity level	(Increase) / decrease in defined benefit obligation (Impact)	
Gratuity			
Discount rate	1% increase	(6.41)	(5.49)
	1% decrease	7.30	6.25
Salary increase	1% increase	6.98	6.33
	1% decrease	(6.19)	(5.65)
Attrition Rate	1% increase	1.07	0.77
	1% decrease	(1.22)	(0.88)

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

Particulars	For the Year ended	March	For the Year ended	March
	31, 2023		31, 2022	
Gratuity				
Within the next 12 months (next annual reporting period)		4.42		7.53
Between 2 and 5 years		66.26		59.40
Beyond 5 years		131.36		101.59
Total expected payments		<u>202.04</u>		<u>168.53</u>

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

Particulars	For the Year ended	For the Year ended	March
	March 31, 2023	31, 2022	
Gratuity	8 Years		8 Years



MICHIGAN ENGINEERS PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS

For the year ended,	(Amount in Rs. Lakhs)	
	<u>31st March 2023</u>	<u>31st March 2022</u>
	Rs.	Rs.
22 Revenue from Operations:		
Work Bills	28,983.67	31,268.10
Add: Increase/ (decrease) in Work in Progress	2,360.50	-
	<u>31,344.17</u>	<u>28,771.55</u>
23 Other Income:		
Interest on Bank Fixed Deposits	54.88	47.31
Interest form others	61.55	59.12
Consultancy fees received	212.28	370.33
Profit on Sale of F A	87.37	6.14
Miscellaneous Income	196.76	74.30
	<u>612.83</u>	<u>557.20</u>
24 Work Expenses		
Consumption of Stores and Spares	8,201.06	6,959.49
Sub Contract and Labour Charges	11,543.63	12,703.31
Freight and Transport	171.35	141.59
Hire Charges	417.20	568.19
Power and Fuel	626.87	726.70
Other Expenses	567.09	603.24
	<u>21,527.19</u>	<u>21,702.52</u>
25 Employee Benefits and Expenses		
Salaries and Bonus	1,429.90	1,418.56
Contribution to Provident Fund and Other Funds	35.45	40.12
Staff and Labour Welfare	8.61	8.64
	<u>1,473.96</u>	<u>1,467.32</u>
26 Finance Costs:		
Interest Expenses		
- For Banks	288.06	406.28
- For Others	125.07	10.46
- For Lease rent	11.18	2.41
Other borrowing costs	242.18	260.42
Loss on foreign exchange fluctuation	-	-
	<u>666.49</u>	<u>679.57</u>
27 Other Expenses:		
Rent, Rates and Taxes	27.84	27.81
Insurance	238.85	126.38
Professional Fees	230.62	62.37
Remuneration to Auditors		
Statutory Audit Fees	7.90	6.99
Tax Audit Fees	1.00	1.02
Conveyance	24.59	11.16
Donations	1,000.55	11.55
Corporate Social Responsibility	45.50	56.37
Travelling Expenses	-	-
Motor Car Expenses	8.53	6.89
Telephone Expenses	3.64	4.15
Loss on foreign exchange fluctuation	16.59	6.26
Loss on sale of Fixed Assets	5.71	5.70
Bad Debts	266.92	28.82
Miscellaneous Expenses	149.28	70.10
	<u>2,027.51</u>	<u>425.57</u>



MICHIGAN ENGINEERS PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS

28 Related party disclosures, as required by Ind AS 24, "Related Party Disclosures", are given below.

(A) Particulars of related parties and nature of relationships

Name of the related parties

1. Holding Company

1. Patel Engineering Ltd.

2. Key Management Personnel

1. Mr. Manubhai N. Patel	Chairman (Ceasation 01/05/2021)
2. Mr.Saurin M. Patel	Managing Director
3. Mr. Rupen P. Patel	Director
4. Mr. Ramasubramanian Kuppusubramanian	Director
5. Mrs. Amita Karia	Director

4. PBSR Developers Pvt Ltd

Subsidiary of Patel Engineering Ltd

5. Patel Engineers

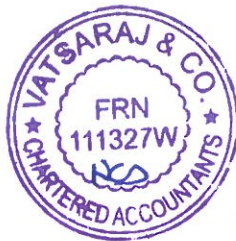
Related party having significant influence

(B) Related party transactions and balances

Terms and conditions of transactions with related parties

The details of material transactions and balances with related parties (including those pertaining to discontinued operations) are given below:

	<u>2023</u>	<u>2022</u>
a) Transactions for the year ended March 31,		(Amount in Rs. Lakhs)
1 Rent paid		
1. Mr. Saurin M. Patel	12.20	3.50
2. Patel Engineers	24.40	4.00
2 Interest Expenses		
1. Patel Engineering Limited	100.75	-
3 Other Expenses		
1. Patel Engineering Limited	300.00	-
4 Remuneration Paid		
1. Mr. Manubhai N. Patel	-	81.23
2. Mr. Saurin M. Patel	147.60	198.23
3. Mr. Ramasubramanian Kuppusubramanian	1.00	
4. Mrs. Amita Karia	1.00	
	<u>149.60</u>	<u>279.46</u>
5 Interest Received		
1. PBSR Developers Pvt Ltd	19.55	19.50
6 ICD Paid / adjusted during the period		
1. PBSR Developers Pvt Ltd	-	150.00
7 ICD returned/adjusted during the period		
1. PBSR Developers Pvt Ltd	150.00	-
b) Balances as at March 31,		
	<u>2023</u>	<u>2022</u>
7 Outstanding Receivables		
1. Patel Engineering Ltd.	-	87.69
8 Interest Payable		
1. Patel Engineering Ltd.	50.00	-
9 Other Expenses		
1. Patel Engineering Limited	284.42	-
10 Outstanding Payable (Lease Rent Liabilities)		
1. Mr. Saurin M. Patel	20.26	29.71
2. Patel Engineers	42.34	61.04



NOTES TO FINANCIAL STATEMENTS

29 Financial assets and liabilities

Financial assets by category

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Cost	FVTPL	FVTOCI	Amortised cost	Cost	FVTPL	FVTOCI	Amortised cost
Investments in - Associate	-				-			
Trade receivables				2,970.72				2,494.97
Cash & cash equivalents (including other bank balances)				385.55				1,017.21
Other financial assets - Fixed Deposit with Maturity more than 12 Months				619.81				472.52
- Advances Recoverable				9,233.60				5,964.72
Total Financial assets	-	-	-	13,209.68	-	-	-	9,949.42

Financial liabilities by category

Particulars	As at March 31, 2023				As at March 31, 2022			
	Cost	FVTPL	FVTOCI	Amortised cost	Cost	FVTPL	FVTOCI	Amortised cost
Borrowings				1,135.18				316.44
Trade payables				4,557.83				4,806.25
Other financial liabilities - Current maturities of long-term borrowings				316.31				152.67
- Retention Payable				1,931.57				1,675.93
Total Financial liabilities	-	-	-	7,940.90	-	-	-	6,951.29

30 Fair values

1 Quantitative disclosures fair value measurement hierarchy for assets

Company does not have any financial Asset which is measured either at Fair value through profit and loss account or measured at Fair value through other comprehensive income.

2 Quantitative disclosures fair value measurement hierarchy for liabilities

Company does not have any financial liability which is measured either at Fair value through profit and loss account or measured at Fair value through other comprehensive income.

31 Financial risk management

The Company's principal financial liabilities comprise of loans and borrowings, trade payables and other financial liabilities. The loans and borrowings are primarily taken to finance and support the Company's operations. The Company's principal financial assets include investments, loans, cash and cash equivalents, trade receivables and other financial assets.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management ensures that financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in financial instruments for speculative purposes may be undertaken.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk or Net asset value("NAV") risk in case of investment in mutual funds.

Financial instruments affected by market risk include investments, trade receivables, trade payables, loans and borrowings and deposits.

The sensitivity analysis in the following sections relate to the position as at March 31, 2023 and March 31, 2022.

The sensitivity of the relevant profit and loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2023 and March 31, 2022.

Interest rate risk

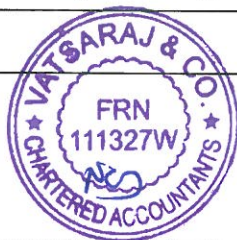
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to risk of changes in market interest rate relates primarily to the Company's long-term debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loans and borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase/(decrease) in basis Points	Increase/(decrease) in profit before tax
March 31, 2023		
Rupee borrowings	+50	(5.68)
	-50	5.68
March 31, 2022		
Rupee borrowings	+50	(1.58)
	-50	1.58

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.



MICHIGAN ENGINEERS PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities, i.e. when revenue or expense is denominated in a foreign currency.

Given below is the foreign currency exposure arising from the non derivative financial instruments:

As at March 31,	Foreign Currency Amount		Reporting Currency Amount (Rs. Lakhs)	
	2023	2022	2023	2022
Accounts Payable				
USD	0.40	0.92	33.16	70.16
EUR	-	0.10	-	8.56

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in EUR and USD exchange rates, with all other variables held constant. The impact on

Particulars	Change in EUR rate	Effect on profit before tax	Change in USD rate	Effect on profit before tax
March 31, 2023	5%	-	5%	1.66
	-5%	-	-5%	1.66
March 31, 2022	5%	0.43	5%	3.51
	-5%	(0.43)	-5%	3.51

Other market risks

Company does not have any investment in equity shares or Mutual Fund so it does not expose to other market risk.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The maximum exposure of the financial assets are contributed by trade receivables, unbilled work-in-progress and cash and cash equivalents.

Credit risk on trade receivables and unbilled work-in-progress is limited as the customers of the Company mainly consist of the government promoted entities having strong credit worthiness. Based on the fact that company has no history of bad debts no provision has been made for any doubtful receivables.

Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company monitors its risk of shortage of funds through using a liquidity planning process that encompasses an analysis of projected cash inflow and outflow. The objective is to maintain a balance between continuity of funding and flexibility largely through cashflow generation from its operating activities and the use of bank loans.

The table below summarises the maturity profile of the Company's financial liabilities (including future interest payable) based on contractual undiscounted payments.

Particulars	On demand	0 to 12 months	1 to 5 years	Total
As at year ended March 31, 2023				
Borrowings (including current maturities of long-term borrowings)	-	837.62	297.56	1,135.18
Trade & other payables	-	4,604.13	36.55	4,640.68
Other financial liabilities	-	-	1,931.57	1,931.57
As at year ended March 31, 2022				
Borrowings (including current maturities of long-term borrowings)	-	156.44	160.00	316.44
Trade & other payables	-	4,851.54	2.35	4,853.89
Other financial liabilities	-	-	1,675.93	1,675.93

32 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes, within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

As at March 31,	2023	2022
Interest-bearing loans and borrowings	1,135.18	316.44
Trade Payable	4,557.83	4,806.25
Less: cash and cash equivalent	385.55	1,017.21
Net debt	5,307.47	4,105.48
Equity share capital	173.57	173.57
Other equity	19,838.41	16,319.93
Total capital	20,011.98	16,493.51
Capital and net debt	25,319.45	20,598.99
Gearing ratio (%)	21%	20%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2023, and March 31, 2022.



NOTES TO FINANCIAL STATEMENTS

33 Ratios

The ratios for the years ended March 31, 2023 and March 31, 2022 are as follows:

Particulars	Numerator	Denominator	As at March 31,		Variance (In %)
			2023	2022	
Current Ratio (1)	Current Assets	Current Liabilities	2.87	2.33	23.17
Debt-Equity Ratio (1)	Total Debt	Shareholder Equity	0.06	0.02	195.67
Debt Service Coverage Ratio (1)	Earnings available for debt service	Debt Service	5.42	3.60	50.78
Return on Equity Ratio (2)	Net profit after taxes - Preference dividend (if any)	Average Shareholders Equity	2026%	1280%	747%
Inventory turnover ratio (3)	Cost of Good Sold or sales	Average Inventory	3.25	3.18	2.06
Trade Receivables turnover ratio	Net Credit sales	Average Accounts receivable	7.88	8.11	(2.90)
Trade payables turnover ratio (4)	Net Credit Purchase	Average Trade payable	1.57	1.17	34.43
Net capital turnover ratio	Net Sale	Average working capital	1.72	2.42	(28.99)
Net profit ratio	Net profit	Net Sales	16.34%	10.23%	6.10%
Return on Capital employed	EBIT	Capital Employed	26.90%	21.72%	5.17%
Return on investment	Profit available to equity shareholder	Networth	17.58%	0.00%	17.58%

(1). Cash Credit borrowings are Nil in FY 21-22

(2). Revenue growth along with higher efficiency has resulted in an improvement in the ratio.

(3). Turnover has increased, with a corresponding increase in cost of goods sold but the inventory level is maintained as same of previous financial year.

(4). Turnover has increased, with a corresponding increase in cost of goods and due to better cashflows in current year's the company has paid of to the creditors in current financial year.



NOTES TO FINANCIAL STATEMENTS

34 **Segment information**

(Amount in Rs. Lakhs)

The Company has a single business segment for Civil Infrastructure construction

For the year ended March 31,	2023	2022
Geographical Statement		
Mumbai	29,295.92	25,955.96
Delhi	1,405.64	2,151.02
Gujarat	-	-
Cuttack	642.62	644.35
Total	31,344.17	28,751.33
Major Customers		
Revenue from top customer	16,063.01	12,070.53
Revenue from top five customer (Including top customer)	26,584.38	25,332.63

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about geographic areas. The company's operations predominantly relate to enhance business performance. Based on the "Management Approach" as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the company's performance and allocates resources based on an analysis of various performance indicators by geographic segments.

35 **Contingent Liabilities and commitments**

As at March 31,	2023	2022
1. Contingent Liabilities		
a. Disputed demand under :		
(i) Service tax (Rs 94,45,539 Lakh paid as deposit)	1,271.85	1,271.85
b. Guarantees given by the company	7,857.02	6,871.19
2. Capital Commitments		
Purchase Order issued	4,003.61	390.26
Less : Advance paid against the Purchase Order	- 382.04 -	- 45.83 -

3. There are numerous interpretative issues relating to the Supreme Court judgement on PF dated 28th February, 2019. The company has not made any provision on a prospective basis from the date of the Supreme Court order as the amount is not material. The company will update its provision, on receiving further clarity on the subject.

36 **Earnings per Share (EPS)**

For the year ended March 31,	2023	2022
Basic & Diluted EPS		
Computation of Profit (Numerator)		
(i) Profit/(loss) from continuing operations	3,517.29	2,221.00
(ii) Profit from discontinued operations	-	-
(iii) Profit/(loss) from continuing & discontinued operations	3,517.29	2,221.00
Weighted Average Number of Shares (Denominator)		
Weighted average number of Equity shares of Rs.10 each used for calculation of basic and diluted	17.36	17.36
Basic & Diluted EPS (in Rupees)		
(i) Continuing operations	202.64	127.96
(ii) Discontinued operations	-	-
(iii) Continuing and Discontinued operations	202.64	127.96
Face value per share (in Rs.)	10.00	10.00



NOTES TO FINANCIAL STATEMENTS

37 CSR Disclosure

(Amount in Rs. Lakhs)

Particulars	Year ended 31-Mar-2023	Year ended 31-Mar-2022
a) Gross amount required to be spent by the Company during the year	45.23	31.53
b) Amount spent during the year		
i) Construction / acquisition of any asset	-	-
ii) On purposes other than (i) above	45.50	56.37
(c) Shortfall at the end of the year,	-	24.84
(d) Total of previous years shortfall,	0.27	-
(e) Reason for shortfall,	-	0.00
(f) Nature of CSR activities,		
- Promotion of education		
- Women empowerment and care for children	9.00	27.53
- Protection of culture		
- Promotion of environmental sustainability, ecological balance	30.00	24.84
- Promotion of health care, medical	6.50	4.00
(g) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard,	NIL	
(h) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	NIL	

38 Disclosure under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006.

Particulars	March 31, 2023	March 31, 2022
(i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of accounting year (but within due date as per the MSMED Act)		
Principal amount due to micro and small enterprise	496.31	590.51
Interest due on above		
(ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

39 Disclosure as per Section 186 of the Companies Act, 2013

Particulars	Year ended 31-Mar-2023		Year ended 31-Mar-2022	
	Amount of Loan Outstanding	Percentage of Loan Outstanding to the total Loans	Amount of Loan Outstanding	Percentage of Loan Outstanding to the total Loans
The Company has given loan to related parties which are repayable on completion of 18 months				
PBSR Developers Pvt Ltd	-	-	150.00	37.50%



MICHIGAN ENGINEERS PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS

40 Disclosures relating to lease arrangements where the Company is a lessee.

- a The interest expense on lease liability has been disclosed as per Note no 27 .
 b The following is the movement in lease liability:

Particulars	(Amount in Rs. Lakhs)	
	Year ended 31-Mar-2023	Year ended 31-Mar-2022
Balance at the beginning of the year	120.46	-
Add: lease liability recognised during the year	-	126.05
Add: Finance cost accrued during the period	11.18	2.41
Less: Payment of lease liabilities	48.80	8.00
Balance at the end of the year	82.84	120.46

c The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	Year ended 31-Mar-2023	Year ended 31-Mar-2022
Less than one year	53.80	48.80
One to five years	38.00	102.80
More than 5 years	-	-

- 41 The Company does not have any Benami property , where any proceeding has been initiated or pending against the Company for holding any Benami property.
 42 The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
 43 Details of transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 are as follows:

Nature of transactions with struck-off Company	Name of Struck off company	Balance outstanding amounts in consideration as on 31 March 2023	Balance outstanding amounts in consideration as on 31 March 2022	Relationship with the company, if any, to be
NIL				

- 44 The Company have not traded or invested in Crypto currency or Virtual Currency during the period.
 45 The company is not declared wilful defaulter by any bank or financial Institution or other lender.
 46 (i) The Company have not advanced or loaned or invested funds to any other person (s)or entity (ies), including foreign entities (Intermediaries) with the understanding that the Ir shall 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 security or the like on behalf of the Ultimate Beneficiaries.
 (ii) The Company have not received any fund from any person (s)or entity (ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or that the Intermediary shall 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:
 47 The Company have not had any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax a under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
 48 The Title deeds for all the immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are name of the Company.



MICHIGAN ENGINEERS PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS

49 Foreseeable losses

The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year-end, the Company has reviewed all such contracts and confirmed that no provision is required to be created under any law / accounting standard towards any foreseeable loss.

50 Details of Borrowings secured against current assets

(Amount in Lakhs)

Quarter	Name of Bank	Particulars of Securities Provided	Amount as per books of account	Amount as reported in the quarterly return/statement
June 2022	Axis Bank Ltd/ Yes Bank Ltd	Work in progress/Book Debt	15,121.97	12,220.26
September 2022	Axis Bank Ltd/ Yes Bank Ltd	Work in progress/Book Debt	15,267.97	12,203.13
December 2022	Axis Bank Ltd/ Yes Bank Ltd	Work in progress/Book Debt	18,176.69	13,442.27
March 2023	Axis Bank Ltd/ Yes Bank Ltd	Work in progress/Book Debt	17,535.68	13,037.75


1. There is no material variance in amount of material and stores reported to bank and as appearing in quarterly financial statement.

2. The amount of Work In Progress(WIP) /Book Debt as reported to banks is less compared to the reviewed/ audited quarterly financial statement. The details of Michigan Engineers's share in the WIP/Book debts of some of the projects in Joint Ventures was not available at the time of stock statement to the banks.

- 51 Information with regard to other matters specified in Schedule III to the Act is either Nil or not applicable to the Company for the year.
- 52 The Ministry of Corporate Affairs vide notification dated 28th March, 2018 has made "Revenue from Contracts with Customers" (IND AS 115) mandatory w.e.f. 1st April, 2018. The Company has applied retrospective approach, as per para C3(b) of IND AS 115, to contracts which were completed as on 1st April, 2018 and the cumulative effect of applying this standard is recognised at the date of initial application i.e. 1st April 2018 in accordance with para C7 of IND AS 115 and there is no significant adjustment due to application of this standard.
- 53 Provision for taxation is made based on an Expert's opinion that certain business advances in the nature of loan written off are in the course of liquidation.
- 54 Previous year's figures have been regrouped/ reclassified wherever necessary.

In terms of our report of even date attached


For Vatsaraj & Co.
Chartered Accountants
Firm Regn. No. : 111327W



CA. Nitesh K Dedhia
Partner
Membership No. 114893



Place : Mumbai
Date : 12 May 2023

For and on behalf of Board


Saurin M. Patel
Managing Director
DIN: 00909324


Rupen P. Patel
Director
DIN: 00029583

Place : Mumbai
Date : 12 May 2023