

# RAJEEV KUMAR & COMPANY

CHARTERED ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Pavna Industries Limited

Report on the Standalone Ind AS Financial Statements

### Opinion

We have audited the accompanying Standalone Ind AS Financial Statements of Pavna Industries Limited (*"the Company"*) which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, together with the ethical requirements that are relevant to our audit of the Standalone 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 Standalone Ind AS Financial Statements.



## Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS Financial Statements for the financial year ended 31<sup>st</sup> March, 2024. These matters were addressed in the context of our audit of the Standalone Ind AS Financial Statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communicated in our report.

## Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the company's annual report but does not include the Standalone Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Standalone 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 standalone 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 Standalone Ind AS Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) prescribed 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of Standalone Ind AS Financial Statement**

Our objectives are to obtain reasonable assurance about whether the Standalone 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 Standalone Ind AS Financial Statements.

A further description of the auditor's responsibilities for the audit of the Standalone Ind AS Financial Statements is included in Annexure A. This description forms part of our auditor's report.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. A. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books except for the matters stated in the paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014. ;
  - c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Statement of Other Comprehensive income), the Standalone Cash Flow Statement and the Standalone Statement of Changes in equity dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended;



- e) On the basis of the written representations received from the directors as on 31st March, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the Internal Financial Control with reference to these Standalone Ind AS Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C" to this report;
- g) The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2A(b) above on reporting under Section 143(3)(b) of the Act and paragraph 2B(f) below on reporting under 'Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
- B. 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 on its financial position in its Standalone Ind AS Financial Statements. *Note No. 43 of notes to accounts*
- 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)
- i. 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 kind 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 ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- ii. 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; and
- iii. Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v) The Company has not paid interim dividend during the year.
- vi) Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account, which have a feature of recording audit trail (edit log) facility and the same has operated w.e.f. 13 June 2023 to the end of the year for all relevant transactions recorded in the respective software.






Further, for the periods where the audit trail (edit log) facility was enabled and operated for the respective accounting software, we did not come across any instance of the audit trail feature being tampered with.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid/ provided by the Company to their directors in accordance with the provisions of section 197 read with Schedule V to the Act.

For RAJEEV KUMAR & COMPANY  
CHARTERED ACCOUNTANTS  
FRN: 000633C



PLACE: ALIGARH

DATE: 30 MAY, 2024

UDIN: 24070103BKCOML8072

CA RAJEEV KUMAR  
PROPRIETOR  
M.NO.070103



### Responsibilities for Audit of Standalone Ind AS Financial Statement

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

- Identify and assess the risks of material misstatement of the Standalone 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 Standalone Ind AS 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 management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone 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 Standalone Ind AS Financial Statements, including the disclosures, and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.





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

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

For RAJEEV KUMAR & COMPANY  
CHARTERED ACCOUNTANTS  
FRN: 000633C



PLACE: ALIGARH

DATE: 30 MAY, 2024

UDIN: 24070103BKCOML80F2

CA RAJEEV KUMAR  
PROPRIETOR  
M.NO. 070103



ANNEXURE B

**The annexure referred to in paragraph 1 of Our Report on "Other Legal and Regulatory Requirements" of Pavana Industries Limited (the Company)**

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;  
(B) The company has maintained proper records showing full particulars, of intangible assets.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Property, Plant and Equipment have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification;
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favor of the lessee) disclosed in the financial statements are held in the name of the company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year ended 31<sup>st</sup> March, 2024.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) (a) As explained to us & on the basis of the records examined by us, in our opinion, physical verification of inventory has been conducted at reasonable intervals by the management. In our opinion, the coverage and procedure of such verification by the management is appropriate. No discrepancy of 10% or more in the aggregate for each class of inventory were noticed on such physical verification.
- (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 been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks and/or financial institutions during the year on the basis of security of current assets of the company. In our opinion quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company except as disclosed in note no. 43 of the notes to accounts.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has not made investments in, or has not provided guarantee or security or granted any loans or advances in the





nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year.

However, the company had advanced a loan to its subsidiary in earlier years which stands repaid on 03 May, 2023. The company has not charged any interest on the loan.

- (iv) According to the information and explanations given to us and on the basis of our examination of the records, in respect of loans, investments, guarantees, and security, provisions of section 185 and 186 of the Companies Act, 2013 have been complied with except not charging interest on the loan.
- (v) The company has not accepted any deposits or amounts which are deemed to be deposits covered under sections 73 to 76 of the Companies Act, 2013. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) As per information & explanation given by the management, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act for the products manufactured by it (and/or services provided by it). Accordingly, clause 3(vi) of the Order is not applicable.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company is generally regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. According to the information and explanation given to us there were no outstanding statutory dues as on 31st of March, 2023 for a period of more than six months from the date they became payable except as disclosed in note 43 of notes to accounts.  
(b) According to the information and explanations given to, there are no statutory dues referred to in sub-clause (a) that have not been deposited on account of any dispute except as disclosed in note 43 of notes to accounts.
- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.  
(b) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has not been declared a willful defaulter by any bank or financial institution or government or government authority;  
(c) According to the information and explanations given to us by the management, the company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.  
(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term purposes by the company.



- (e) According to the information and explanation given to us and on an overall examination of the Standalone Ind AS Financial Statements of the company, the Company has not taken any funds from any entity or person on account of or to meet obligations of its subsidiaries as defined under the Act. The company does not hold any investment in any associate or joint ventures ( as defined under the Act ) during the year ended 31 March 2024.
- (f) According to the information and explanation given to us and based on the audit procedures conducted by us, we report that, the Company has not raised loans during the year on pledge of securities held in its subsidiaries as defined under the Act. The company does not hold any investment in any associate or joint ventures ( as defined under the Act ) during the year ended 31 March 2024.
- (x) (a) The company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the company or on the company has been noticed or reported during the course of audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;
- (c) According to the information and explanations given to us by the management, no whistle-blower complaints have been received by the company
- (xii) According to the information and explanations given to us the company is not a Nidhi Company. Accordingly, clause 3(xii)(a), 3(xii)(b) and 3(xii)(c) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, where applicable and the details of the related party transactions have been disclosed in the standalone financial statements, as required by the applicable accounting standards;
- (xiv) (a) Based on the information and explanations provided to us and our audit procedures, in our opinion, the company has an internal audit system commensurate with the size and nature of its business;
- (b) The reports of internal auditors for the period under audit were considered by us;
- (xv) In our opinion and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected to its directors and hence, 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 (2 of 1934). Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) In our Opinion and based on our examination, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations given by the management, the Group (as per the provisions of the Core Investment Companies ( Reserve Bank ) Directions, 2016) does not have not more than one CIC as part of the Group.
- (xvii) Based on our examination, the company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

Also refer to the Other Information paragraph of our main audit report which explains that the other information compromising the information included in Company's annual report is expected to be made available to us after the date of this auditors report



- (xx) a. In respect of other ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 42 of the standalone Ind AS financial statements.
- b. There is no unspent amount in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 42 of the standalone Ind AS financial statements.

For RAJEEV KUMAR & COMPANY  
CHARTERED ACCOUNTANTS  
FRN: 000633C



PLACE: ALIGARH

(RAJEEV KUMAR, F.C.A.)

DATE: 30 MAY, 2024

PROPRIETOR

UDIN: 24070103BKCOML2072 M.NO.070103





## ANNEXURE C

### Report on Internal Financial Controls with reference to financial statements

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to Financial Statements of PAVNA INDUSTRIES LIMITED ("the Company") as of March 31, 2024 in conjunction with our audit of the standalone 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 and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India. 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 Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Financial Statements, 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 with reference to Financial Statements 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 with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements included obtaining an understanding of internal financial controls with reference to



Financial Statements, 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 standalone 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 with reference to Financial Statements.

### **Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial control with reference to Financial Statements 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 with reference to Financial Statements includes those policies and procedures that

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

### **Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to Financial Statements, 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 with reference to Financial Statements to future periods are subject to the risk that the internal financial control with reference to Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

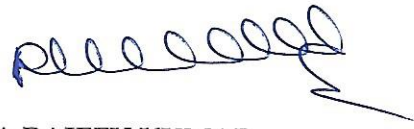




## Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls system with reference to Financial Statements and such internal financial controls were operating effectively as at March 31, 2024, 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 issued by the Institute of Chartered Accountants of India.

For RAJEEV KUMAR & COMPANY  
CHARTERED ACCOUNTANTS  
FRN: 000633C



PLACE: ALIGARH

DATE: 30 MAY, 2024

UDIN: 24070101BKCOML8072

CA RAJEEV KUMAR  
PROPRIETOR  
M.NO. 070103



**Pavna Industries Limited**  
**Balance Sheet as at 31 March 2024**

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

	Note	As at 31 March 2024	As at 31 March 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3A	6,641.34	5,626.40
Intangible Work in Progress	3A	-	81.40
Right of Use assets	3B	33.18	38.71
<b>Financial assets</b>			
Investments	4	964.03	1,219.03
Others	5	313.17	254.81
Other Non Current assets	6	102.66	58.76
		<b>8,054.38</b>	<b>7,279.11</b>
<b>Current assets</b>			
Inventories	7	7,082.85	6,682.00
<b>Financial assets</b>			
Trade Receivable	8	5,290.06	4,375.22
Cash and cash equivalents	9	13.37	16.94
Other Bank Balances	10	4.44	4.50
Loans	11	-	250.00
Others	12	(1.50)	16.00
Income tax assets (net)	13	20.67	16.83
Other current assets	14	1,438.99	1,053.73
<b>Total current assets</b>		<b>13,848.88</b>	<b>12,415.23</b>
<b>Total assets</b>		<b>21,903.26</b>	<b>19,694.34</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	15	1,218.08	1,218.08
Other equity	16	5,298.90	4,515.05
<b>Total equity</b>		<b>6,516.98</b>	<b>5,733.13</b>
<b>Non current liabilities</b>			
<b>Financial liabilities</b>			
Long term Borrowing	17A	1,431.25	2,272.33
Lease liabilities	3B	35.39	38.86
Other Non current financial liabilities		-	-
Provisions	18	242.44	154.99
Deferred tax liabilities (net)	19	43.50	35.91
		<b>1,752.58</b>	<b>2,502.09</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	17B	9,616.77	6,553.18
Lease Liabilities	3B	3.47	4.96
Trade payables	20	-	-
Total outstanding dues of micro enterprises and small enterprises		506.53	63.92
Total outstanding dues of creditors other than micro and small enterprises		2,967.29	4,293.23
Other financial liabilities	21	278.64	347.43
Other current liabilities	22	173.91	126.28
Income Tax liabilities		-	-
Short term provisions	23	87.09	70.13
<b>Total current liabilities</b>		<b>13,633.69</b>	<b>11,459.13</b>
<b>Total equity and liabilities</b>		<b>21,903.26</b>	<b>19,694.34</b>

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

**For Rajeev Kumar & Co**  
Chartered Accountants  
Firm's Registration No.: 000633C

Rajeev Kumar  
Proprietor  
Membership No.: 070103

Place: Aligarh  
Date: 30/05/2024



For and on behalf of the Board of Directors of  
**Pavna Industries Limited**

Asha Jain  
Director  
DIN: 00035024

Swapnil Jain  
Director  
DIN: 01542555

Palak Jain  
Chief Financial officer  
PAN : BDEPJ7242M

Charu Singh  
Company Secretary  
PAN : CVBPS6669B



**Pavna Industries Limited**

**Statement of Profit and Loss for the year ended 31 March 2024**

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

	Note	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Revenue:</b>			
Revenue from operations	24	28,273.49	26,323.09
Other income	25	33.99	39.35
<b>Total income</b>		<b>28,307.48</b>	<b>26,362.44</b>
<b>Expenses:</b>			
Cost of materials consumed	26	19,939.45	18,638.89
Change in Inventory of finished goods	27	(703.73)	(621.79)
Employee benefits expense	28	2,281.61	2,371.13
Finance costs	29	931.08	695.62
Depreciation and Amortisation Expenses	30	897.34	717.11
Other expenses	31	3,914.33	3,559.35
<b>Total expenses</b>		<b>27,260.09</b>	<b>25,360.32</b>
<b>Profit/(Loss) before tax</b>		<b>1,047.38</b>	<b>1,002.12</b>
<b>Tax expense:</b>	32		
Current tax		264.43	257.58
Deferred tax credit		5.46	16.00
<b>Total tax expense</b>		<b>269.88</b>	<b>273.58</b>
<b>Profit/(Loss) for the year</b>		<b>777.50</b>	<b>728.53</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Re-measurements of the defined benefit plans		8.49	23.53
Income tax relating to above item		(2.14)	(5.92)
<b>Other comprehensive income / (loss)</b>		<b>6.35</b>	<b>17.61</b>
<b>Total comprehensive Profit /(loss) for the year</b>		<b>783.85</b>	<b>746.14</b>
<b>Earnings per equity share (₹ 10 per share)</b>			
Basic EPS on actual outstanding	33	6.38	5.98

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

For Rajeev Kumar & Co  
Chartered Accountants  
Firm's Registration No.: 000633C



Rajeev Kumar  
Proprietor  
Membership No.: 070103

Place: Aligarh  
Date: 30/05/2024



For and on behalf of the Board of Directors of  
**Pavna Industries Limited**



Asha Jain  
Director  
DIN: 00035024



Swapnil Jain  
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DIN: 01542555



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Chief Financial officer  
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Charu Singh  
Company Secretary  
PAN : CVBPS6669B

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

**A Cash flow from operating activities**

Profit/(Loss) before tax	
<b>Adjustments for:</b>	
Depreciation and amortisation expense	
Interest income on bank deposits	
Re-measurements of the defined benefit plans	
Interest expense on lease liability	
Loss/(Profit) on sale of PPE	
Interest expense on borrowings	
<b>Operating profit before working capital changes</b>	
<b>Movement in working capital</b>	
Inventories	
Trade Receivables	
Other non current financial assets	
Other current financial assets	
Other current assets	
Other Non current assets	
Other current financial liabilities	
Other current liabilities	
Provision Short term	
Provision Long term	
Trade payables	
<b>Cash used in operating activities post working capital changes</b>	
Income tax paid (net)	
<b>Net cash used in operating activities (A)</b>	

**B Cash flows from investing activities**

Purchase of property, plant and equipment	
Sale of property, plant and equipment	
Loans	
Investment made in subsidiaries	
Interest received	
<b>Net cash used in investing activities (B)</b>	

**C Cash flows from financing activities**

Proceeds from issue of share capital	
Payment of Lease liability	
Finance cost paid	
Bonus / Dividend Paid	
Proceeds from borrowings	
<b>Net cash flows from financing activities (C)</b>	

Net increase in cash and cash equivalents (A+B+C)	
Cash and cash equivalents at the beginning of the year	
<b>Cash and cash equivalents at the end of the year</b>	

	For the year ended 31 March 2024	For the year ended 31 March 2023
	1,047.38	1,002.12
	897.35	717.11
	(0.08)	(0.56)
	8.49	23.53
	3.93	4.96
	(3.76)	(6.94)
	927.15	695.62
	2,880.47	2,435.84
	(400.85)	(956.60)
	(914.84)	(295.61)
	(58.36)	(8.89)
	17.56	13.48
	(385.25)	(425.05)
	(43.89)	9.77
	(68.79)	94.87
	47.62	56.71
	16.96	5.58
	87.45	21.14
	(883.33)	703.74
	294.76	1,655.00
	(268.27)	(235.54)
	26.49	1,419.46
	(1,888.62)	(1,884.97)
	66.65	35.16
	250.00	(100.00)
	255.00	-
	0.08	0.56
	(1,316.89)	(1,949.25)
	-	-
	(8.52)	(21.83)
	(927.15)	(695.62)
	-	(121.81)
	2,222.50	1,373.83
	1,286.83	534.57
	(3.58)	4.78
	16.94	12.16
	13.37	16.94

- Note:**
- (i) The above cash flow statement has been prepared under the "Indirect method" as set out in the Indian Accounting Standard (Ind AS-7) statement of cash flow.
  - (ii) Reconciliation of liabilities arising from financing activities under Ind As 7

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

**For Rajeev Kumar & Co**  
Chartered Accountants  
Firm's Registration No.: 000633C

  
Rajeev Kumar  
Proprietor  
Membership No.: 070103



Place: Aligarh  
Date: 30/05/2024

  
**Asha Jain**  
Director  
DIN: 00035024

  
**Swapnil Jain**  
Director  
DIN: 01542555

  
**Palak Jain**  
Chief Financial officer  
PAN : BDEPJ7242M

  
**Charu Singh**  
Company Secretary  
PAN : CVBPS6669B



## Pavna Industries Limited

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

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

#### Note 1: Corporate Information

Pavna Industries Limited ('PIL' or 'the company') is a Public Limited Company incorporated in India on 19 April 1994 under the Provision of Companies Act 1956. The Company is engaged in business of manufacturing of Locks, Auto Locks and Auto Parts in India.

#### Note 2:

##### Basis of Preparation:

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

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

#### Note 2.1: Significant accounting policies

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

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

##### Judgements:

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

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

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

##### Estimates and Assumptions:

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

##### Recoverability of deferred taxes

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

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

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

##### Assets:

An asset is treated as current when it is:

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

All other assets are classified as non-current.

##### Liabilities:

A liability is current when:

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

All other liabilities are classified as non-current.

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

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

## Pavna Industries Limited

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

#### c) Property, Plant and Equipment

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

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

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

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

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

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

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

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

#### d) Intangible assets

##### Recognition and measurement

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

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

#### e) Borrowing costs

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

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

#### f) Foreign currencies

##### Functional and presentational currency

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

##### Transactions and balances

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

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

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

#### g) Derivative (Forward contract)

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

#### h) Revenue Recognition

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



## Pavna Industries Limited

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

#### Sale of goods

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

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

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

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

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

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

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

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

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

a) The Company's contracts with customers could include promises to transfer products to a customer. The Company assesses the products promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

b) Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

c) The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.

d) The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

#### Rendering of services

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

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

#### Interest income

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

#### i) Inventories

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

#### j) Leases

##### Finance lease

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

##### Operating lease

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

Indian Accounting Standard (Ind AS) 116, Leases, was notified as part of the Companies (Indian Accounting Standards) (Amendment) Rules, 2019, issued by the Ministry of Corporate Affairs, Government of India, vide notification dated March 30, 2019.

#### k) Employee's Benefits

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

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

## **Pavna Industries Limited**

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

#### **Defined contribution plan**

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

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

#### **Defined benefit plan**

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

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

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

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

### **l) Provisions**

#### **General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

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

### **m) Financial instruments**

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

#### **Financial Assets**

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

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

##### **Subsequent measurement**

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

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

##### **De-recognition**

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

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

#### **Financial Liabilities**

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

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

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

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

##### **Subsequent measurement**

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

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

##### **De-recognition**

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



## **Pavna Industries Limited**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **p) Fair value measurement**

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

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

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

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

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

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

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

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

#### **q) Taxes**

##### **Current income tax**

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

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

##### **Deferred tax**

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

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

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

#### **r) Cash and cash equivalents**

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

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

## Pavna Industries Limited

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

### s) Earnings per share (EPS)

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

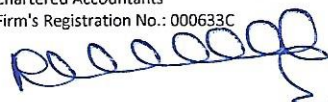
Diluted EPS amounts are calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential equity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

We have also calculated EPS amount by dividing the profit for the year attributable to the shareholders of the Company by actual outstanding number of equity shares as at the end of reporting period.

### t) Contingent liabilities and contingent assets

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

For Rajeev Kumar & Co  
Chartered Accountants  
Firm's Registration No.: 000633C



Rajeev Kumar  
Proprietor  
Membership No.: 070103

Place: Aligarh  
Date: 30/05/2024



For and on behalf of the Board of Directors of  
Pavna Industries Limited



Swapnil Jain  
Director  
DIN: 01542555



Charu Singh  
Company Secretary  
PAN : CVBPS6669B



Asha Jain  
Director  
DIN: 00035024



Palak Jain  
Chief Financial officer  
PAN : BDEPJ7242M

**Pavna Industries Limited**

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

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

**3A Property, plant and equipment**

Particulars	Land	Building	Plant and Machinery	Office Equipment	Furniture and fixtures	Computer	Vehicle	Total	Intangible Work in Progress
<b>Gross block</b>									
Balance as at 31 March 2022	296.50	1,112.23	6,019.02	55.39	111.11	176.10	277.54	8,047.88	
Additions	-	37.55	1,687.00	20.12	24.28	34.61	-	1,803.57	81.40
Disposals	-	-	(28.23)	-	-	-	-	(28.23)	
Capital Work In Progress	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2023	296.50	1,149.78	7,677.80	75.51	135.39	210.71	277.54	9,823.22	81.40
Additions	-	11.59	1,767.38	5.61	8.44	121.88	8.82	1,923.73	
Disposals	-	-	(25.45)	-	-	(0.40)	(4.80)	(30.65)	(81.40)
Balance as at 31 March 2024	296.50	1,161.37	9,419.73	81.12	143.83	332.18	281.56	11,716.31	-
<b>Accumulated depreciation</b>									
Balance as at 31 March 2022	-	282.15	2,887.10	29.84	51.62	128.74	120.71	3,500.16	
Charge for the year	-	30.62	602.20	4.26	9.20	23.49	29.64	699.40	
Disposals	-	-	(2.73)	-	-	-	-	(2.73)	
Balance as at 31 March 2023	-	312.77	3,486.56	34.10	60.82	152.23	150.35	4,196.83	
Charge for the year	-	31.50	766.07	5.19	9.56	49.74	29.76	891.81	
Disposals	-	-	(10.21)	-	-	(0.83)	(2.64)	(13.68)	
Balance as at 31 March 2024	-	344.27	4,242.42	39.29	70.39	201.14	177.47	5,074.96	
<b>Net block as at 31 March 2023</b>	296.50	837.01	4,191.24	41.41	74.57	58.48	127.19	5,626.40	81.40
<b>Net block as at 31 March 2024</b>	296.50	817.11	5,177.31	41.84	73.45	131.05	104.09	6,641.34	-



# Pavna Industries Limited

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

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

### 3B Leases

#### (i) Right of Use Assets

Particulars	Buildings	Total
As at 1 April 2021	81.88	81.88
Additions	-	-
Deletions	-	-
As at 31 March 2022	81.88	81.88
Additions	-	-
Deletions	-	-
As at 31 March 2023	81.88	81.88
Additions	-	-
Deletions	-	-
As at 31 March 2024	81.88	81.88
<b>Accumulated Depreciation</b>		
As at 1 April 2021	6.64	6.64
Charges during the year	18.82	18.82
Deletions	-	-
As at 31 March 2022	25.45	25.45
Charges during the year	17.71	17.71
Deletions	-	-
As at 31 March 2023	43.16	43.16
Charges during the year	5.53	5.53
Deletions	-	-
As at 31 March 2024	48.69	48.69
<b>Net Carrying Value</b>		
As at 1 April 2021	75.24	75.24
As at 31 March 2022	56.42	56.42
As at 31 March 2023	38.71	38.71
As at 31 March 2024	33.18	33.18

#### (ii) Lease Liabilities

Particulars	Current	Non Current	Total
As at 1 April 2021	15.44	61.33	76.78
Additions	-	-	-
Accretions of interest	-	6.59	6.59
Payments of lease liabilities	(15.44)	(7.60)	(23.04)
Deletions	-	-	-
Re-classification from non current to current	16.87	(16.87)	-
As at 31 March 2022	16.87	43.45	60.33
Additions	-	-	-
Accretions of interest	-	4.96	4.96
Payments of lease liabilities	(16.87)	(4.96)	(21.83)
Deletions	-	-	-
Re-classification from non current to current	4.96	(4.59)	0.37
As at 31 March 2023	4.96	38.86	43.82
Additions	-	-	-
Accretions of interest	-	3.93	3.93
Payments of lease liabilities	(4.59)	(3.93)	(8.52)
Deletions	-	-	-
Re-classification from non current to current	3.10	(3.47)	(0.37)
As at 31 March 2024	3.47	35.39	38.86

## Pavna Industries Limited

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

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

#### 4 Non Current Investments

##### Investment at cost in subsidiaries

	As at 31 March 2024	As at 31 March 2023
Equity shares of Rs. 10/- each fully paid up in Swapnil Switches Private Limited	197.76	197.76
Equity shares of Rs. 10/- each fully paid up in Pavna Marketing Private Limited	10.00	10.00
Equity shares of Rs. 10/- each fully paid up in Pavna Sunworld Autotech Private Limited	71.50	71.50
Equity shares of Rs. 100/- each fully paid up in Pavna auto Engineering Private Limited	684.77	684.77
Equity shares of Rs. 10/- each fully paid up in Pavna Goyam Auto Private Limited	-	255.00
	<b>964.03</b>	<b>1,219.03</b>

##### Details of number of shares held in Equity investments in subsidiaries

	As at 31 March 2024	As at 31 March 2023
Swapnil Switches Private Limited	3.09	3.09
Pavna Marketing Private Limited	1.00	1.00
Pavna Sunworld Autotech Private Limited	7.15	7.15
Pavna Auto Engineering Private Limited	0.31	0.31
Pavna Goyam Auto Private Limited	-	25.50

#### 5 Other non current financial assets

	As at 31 March 2024	As at 31 March 2023
Security deposits	-	-
Advance to Suppliers	-	-
Interest accrued on fixed deposits - held as margin money	-	-
- Unsecured considered good	283.83	254.81
Trade Recievable considered	29.34	-
	<b>313.17</b>	<b>254.81</b>

#### 6 Other non current assets

	As at 31 March 2024	As at 31 March 2023
Prepaid expense	58.76	58.76
Capital advances-Unsecured, considered good	43.90	-
	<b>102.66</b>	<b>58.76</b>

#### 7 Inventories

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

	As at 31 March 2024	As at 31 March 2023
Raw Materials	1,791.68	1,937.78
Work in Progress	5,047.03	4,343.30
Store and Spares	218.41	400.92
Stock-in Transit	25.74	-
	<b>7,082.85</b>	<b>6,682.00</b>
	<b>7,082.85</b>	<b>6,682.00</b>

#### 8 Trade Receivable

	As at 31 March 2024	As at 31 March 2023
Unsecured, considered good	5,290.06	4,375.22
Unsecured, considered doubtful	-	-
	<b>5,290.06</b>	<b>4,375.22</b>

##### Trade receivable aging schedule as at 31st March 2024

Outstanding for following periods from due date of payment	Undisputed Trade Receivables- considered good	Undisputed Trade Receivables- considered doubtful
Not due		
0-6 Months	4,705.17	-
6-12 Months	394.78	-
1-2 Years	143.91	-
2-3 Years	20.29	-
above 3 years	25.90	-
<b>Total</b>	<b>5,290.06</b>	<b>-</b>



Trade receivable aging schedule as at 31 March 2023

Outstanding for following periods from due date of payment	Undisputed Trade Receivables– considered good	Undisputed Trade Receivables– considered doubtful
Not due		
0-6 Months	4,252.93	-
6-12 Months	109.76	-
1-2 Years	12.41	-
2-3 Years		-
above 3 years	0.12	-
<b>Total</b>	<b>4,375.22</b>	<b>-</b>

	As at 31 March 2024	As at 31 March 2023
<b>9 Cash and cash equivalents</b>		
Cash on hand	6.97	8.95
Balances with banks	6.40	8.00
	<b>13.37</b>	<b>16.94</b>

	As at 31 March 2024	As at 31 March 2023
<b>10 Other Bank Balances</b>		
Balance with bank in deposit account having maturity of more than three months but are due for maturity within twelve months from balance sheet date (a)	4.44	4.50
	<b>4.44</b>	<b>4.50</b>

(a) Includes Margin Deposit with Government authorities

	As at 31 March 2024	As at 31 March 2023
<b>11 Loans</b>		
(Unsecured, considered good)		
Loans to related parties	-	250.00
	<b>-</b>	<b>250.00</b>

	As at 31 March 2024	As at 31 March 2023
<b>12 Other Current assets</b>		
Security deposit to others	(1.50)	16.00
	<b>(1.50)</b>	<b>16.00</b>

	As at 31 March 2024	As at 31 March 2023
<b>13 Current tax assets</b>		
Income Tax paid (net of provision for taxation)	20.67	16.83
	<b>20.67</b>	<b>16.83</b>

	As at 31 March 2024	As at 31 March 2023
<b>14 Other current assets</b>		
Prepaid expenses	128.34	31.75
Advances to contractors and material suppliers	-	-
Unsecured, Consider Good	932.76	825.70
Unsecured, Considered Doubtful	-	-
Balances with government authorities	352.28	130.26
	<b>1,413.37</b>	<b>987.71</b>
Amount recoverable - Other	25.61	66.02
Less : Allowance for Impairment (net)	-	-
	<b>1,438.99</b>	<b>1,053.73</b>

	As at 31 March 2024		As at 31 March 2023	
<b>15 Equity Share capital</b>				
Authorized shares	Number*	Amount	Number*	Amount
Equity shares of ₹ 10 each with voting rights	1,80,00,000	1,800.00	61,00,000	610.00
	<b>1,80,00,000</b>	<b>1,800.00</b>	<b>61,00,000</b>	<b>610.00</b>
Issued, subscribed and				
Equity share capital of face value of ₹ 10 each	1,21,80,800	1,218.08	1,21,80,800	1,218.08
	<b>1,21,80,800</b>	<b>1,218.08</b>	<b>1,21,80,800</b>	<b>1,218.08</b>

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

	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
Balance at the beginning of the period	1,21,80,800	1,218.08	60,90,400	609.04
Shares Issued during the period	-	-	-	-
Bonus Issued during the period			60,90,400	609.04
<b>Balance at the end of the</b>	<b>1,21,80,800</b>	<b>1,218.08</b>	<b>1,21,80,800</b>	<b>1,218.08</b>

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

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors in any financial year is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The equity shares shall be transferable subject to the provisions contained in the Articles of Association and in the

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

Name of the equity shareh	As at 31 March 2024		As at 31 March 2023	
	Number	%	Number	%
Smt. Asha Jain	58,21,960	47.80%	29,10,980	47.80%
Shri Swapnil Jain	13,56,160	11.13%	6,78,080	11.13%
P.J. Wealth Management and Consultant Private Limited	9,97,040	8.19%	4,98,520	8.19%
Smt. Palak Jain	5,78,200	4.75%	4,48,000	7.36%
Smt. Sadhna Jain	3,58,529	2.94%	3,35,200	5.50%
	<b>91,11,889</b>	<b>74.81%</b>	<b>48,70,780</b>	<b>79.97%</b>

**d. Aggregate number of bonus shares issued for a consideration other than cash**

'Pursuant to the approval of shareholders granted in the extra-ordinary general meeting held on 26.08.2022, the Company issued and allotted fully paid-up "bonus shares" at par in proportion of one new equity shares of Rs. 10 each for every one existing fully paid up equity share of Rs. 10 each held as on the record date of 06.09.2022

**e. Shareholding of Promoters**

**As at 31st March 2024**

Shares held by Promoters and Promoter Group at end of the year				% change during the year
S.n o.		No. of shares	% of total shares	
1	Asha Jain	58,21,960	47.80%	
2	Swapnil Jain	13,56,560	11.14%	
3	Pj Wealth Management And Consultant Pvt Ltd	9,97,040	8.19%	
4	Priya Jain	4,04,000	3.32%	
5	Pawan Jain Huf	840	0.01%	

**As at 31st March 2023**

Shares held by Promoters and Promoter Group at end of the year				% change during the year
S.n o.		No. of shares	% of total shares	
1	Asha Jain	58,21,960	47.80%	
2	Swapnil Jain	13,56,560	11.14%	
3	Pj Wealth Management And Consultant Pvt Ltd	9,97,040	8.19%	
4	Priya Jain	4,04,000	3.32%	
5	Pawan Jain Huf	840	0.01%	

**16 Other Equity**

	As at 31 March 2024	As at 31 March 2023
<b>General Reserve</b>		
Opening balance	1.12	1.12
<b>Closing balance (A)</b>	<b>1.12</b>	<b>1.12</b>
<b>Securities premium</b>		
Opening balance	1,398.72	1,398.72
Add: Addition during the year	-	-
<b>Closing balance (B)</b>	<b>1,398.72</b>	<b>1,398.72</b>



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

Opening balance	3,115.21	3,099.91
Less: Issue of Bonus Shares	-	(609.04)
Less : Dividend	-	(121.81)
Add: Profit / (Loss) for the year	777.50	728.53
Add: Other comprehensive income for the year (net of tax impact)	6.35	17.61
<b>Closing balance (A)</b>	<b>3,899.06</b>	<b>3,115.21</b>

**Total (A)****Nature and purpose of other reserves****Securities premium**

Securities premium represents premium received on issue of shares. The amount is utilised in accordance with the provisions of the Companies Act 2013.

	As at 31 March 2024	As at 31 March 2023
<b>17A Long term borrowing</b>		
<u>Secured</u>		
Indian rupee term loan from Bank	1,431.03	1,112.92
Indian rupee term loan from financial institutions	-	-
Indian rupee vehicle loan from Bank	0.22	5.41
<u>Unsecured</u>		
Indian rupee loan from related parties	-	-
From Directors & KMPs	-	364.00
From Corporate entities	-	790.00
	<b>1,431.25</b>	<b>2,272.33</b>

	As at 31 March 2024	As at 31 March 2023
<b>17B Short term Borrowings</b>		
Cash credit facilities from Bank / financial institutions - Secured	7,003.19	3,979.06
Cash credit facilities from financial institutions - Unsecured	2,000.00	2,000.00
Current maturities of long term borrowings - Secured	613.59	574.11
	<b>9,616.77</b>	<b>6,553.18</b>
<b>Total</b>	<b>11,048.02</b>	<b>8,825.51</b>

	As at 31 March 2024	As at 31 March 2023
<b>18 Provisions</b>		
<b>Provision for employee benefits (a)</b>		
Gratuity	184.63	154.99
Compensated absences	-	-
Trade payable Long outstanding	57.82	-
	<b>242.44</b>	<b>154.99</b>

	As at 31 March 2024	As at 31 March 2023
<b>19 Deferred tax liabilities (net)</b>		
Deferred tax		
Property, plant and equipment	118.59	94.65
Unused business losses	-	-
Origination and reversal of temporary difference	(72.60)	(56.66)
Others	(2.48)	(2.08)
	<b>43.50</b>	<b>35.91</b>

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

Particulars	31 March 2023	Recognised/ reversed through profit and loss	Recognised in other comprehensive income	31 March 2024
<b>Assets/ (Liabilities)</b>				
Property, plant and equipment	94.65	23.94	-	118.59
Unused business losses	-	-	-	-
Origination and reversal of temporary difference	(56.66)	(18.08)	2.14	(72.60)
Effect of adoption of Ind AS 115	(2.08)	2.08	-	-
Others	-	(2.48)	-	(2.48)
<b>Total</b>	<b>35.91</b>	<b>5.46</b>	<b>2.14</b>	<b>43.50</b>

Particulars	31 March 2022	Recognised/ reversed through profit and loss	Recognised in other comprehensive income	31 March 2023
<b>Assets/ (Liabilities)</b>				
Property, plant and equipment	65.54	29.11	-	94.65
Unused business losses	-	-	-	-
Origination and reversal of temporary difference	(49.93)	(12.65)	5.92	(56.66)
Effect of adoption of Ind AS 115	(1.62)	(0.47)	-	(2.08)
Others	-	-	-	-
<b>Total</b>	<b>13.99</b>	<b>16.00</b>	<b>5.92</b>	<b>35.91</b>

#### 20 Trade payables #

	As at 31 March 2024	As at 31 March 2023
Due to micro and small enterprises	506.53	63.92
Due to others (a)	2,967.29	4,293.23
	<b>3,473.81</b>	<b>4,357.15</b>

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

Outstanding for following periods from due date of payment	Micro and Small Enterprises ("MSME")	Others
Not due		
Unbilled dues		
Less than 1 year	506.53	2,743.59
1-2 Years		173.55
2-3 Years		19.28
above 3 years		30.86
<b>Total</b>	<b>506.53</b>	<b>2,967.29</b>

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

Outstanding for following periods from due date of payment	Micro and Small Enterprises ("MSME")	Others
Not due		
Unbilled dues		
Less than 1 year	63.92	3,909.42
1-2 Years		360.81
2-3 Years		1.93
above 3 years		21.08
<b>Total</b>	<b>63.92</b>	<b>4,293.23</b>

#### 21 Other Financial liabilities

	As at 31 March 2024	As at 31 March 2023
Interest accrued but not due on borrowings	-	73.82
Payable to employees	278.64	273.61
	<b>278.64</b>	<b>347.43</b>

#### 22 Other current liabilities

	As at 31 March 2024	As at 31 March 2023
Advance received from customers	21.16	68.95
Statutory dues payable	152.75	57.34
	<b>173.91</b>	<b>126.28</b>

#### 23 Short term provisions

	As at 31 March 2024	As at 31 March 2023
Provision for employee benefits		
Gratuity	87.09	70.13
Compensated absences	-	-
	<b>87.09</b>	<b>70.13</b>

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## Pavna Industries Limited

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

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

	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>24 Revenue from operations</b>		
Sale of products	28,273.49	26,271.51
Other operating revenue	-	51.58
	<b>28,273.49</b>	<b>26,323.09</b>
<b>25 Other income</b>		
Interest income on:		
Bank deposits	0.08	0.56
Security deposits measured at amortised cost	10.58	8.89
Income tax refunds	-	4.30
Profit on sale of Property, Plant and Equipment	3.76	6.94
Income from export incentive	23.17	9.39
Rent received	0.60	0.60
Foreign Exchange fluctuation gain (Net)	(4.21)	8.66
	<b>33.99</b>	<b>39.35</b>
<b>26 Cost of raw material &amp; components consumed</b>		
Inventory at the beginning of the year	1,937.78	1,660.37
Add: Purchase during the year	19,793.34	18,916.31
	21,731.12	20,576.67
Less: Inventory at the end of the year	1,791.68	1,937.78
	<b>19,939.45</b>	<b>18,638.89</b>
<b>27 Changes in inventories of finished goods and work-in-progress</b>		
<b>Closing Inventories</b>		
Finished goods		-
Work in Progress	5,047.03	4,343.30
<b>Opening Inventories</b>		
Finished goods		-
Work in Progress	4,343.30	3,721.51
	<b>(703.73)</b>	<b>(621.79)</b>
<b>28 Employee benefits expense</b>		
Salaries, wages and bonus	2,014.14	1,905.10
Contribution to provident and other funds	158.36	139.98
Gratuity expense	55.64	50.25
Staff welfare expenses	392.98	275.80
	<b>2,621.12</b>	<b>2,371.13</b>
Less : Personnel Cost capitalized during the year #	(339.51)	-
<b>Net Employee benefits expense</b>	<b>2,281.61</b>	<b>2,371.13</b>
# Being portion of Employee Cost of Research & Development division engaged in dies and tools development.		
<b>29 Finance costs</b>		
Interest expense	903.70	678.36
Other borrowing costs	23.46	12.30
Interest on lease obligation	3.93	4.96
	<b>931.08</b>	<b>695.62</b>
<b>30 Depreciation and Amortisation</b>		
Depreciation and amortization expense	891.81	699.40
Depreciation on right of use assets	5.53	17.71
	<b>897.34</b>	<b>717.11</b>



**31 Other expenses**

	For the year ended 31 March 2024	For the year ended 31 March 2023
Consumption of stores and spares#	440.05	561.64
Diecasting/ Job work charges	1,377.20	1,037.32
Power & Fuel	729.54	760.16
Advertisement and publicity	11.72	22.75
Bank charges	22.34	28.87
Communication & Postage Expense	21.94	19.39
Donation	16.62	29.35
Electricity expenses	0.21	18.27
House keeping expenses	34.35	38.40
Insurance Expenses	24.03	19.61
Legal and professional fees	125.78	63.69
Payments to auditors##	2.00	1.00
Printing and stationery	7.71	16.00
Rates and taxes	39.79	16.89
Rent	69.16	55.40
Repair and maintenance - Machinery	14.94	100.46
Repair and maintenance - office	36.81	108.02
Vehicle running and maintenance expense	109.64	116.33
Research and development expense###	0.92	5.63
Sales promotion expenses	71.96	20.03
Security charges	-	101.81
Software expenses	9.23	3.65
Trade mark royalty	70.77	65.68
Travelling and conveyance-Local	65.95	62.98
Bad debts	70.69	-
ISO TS certification expense	5.00	2.24
Warranty claim/ Line rejection expense	129.66	14.02
Office expense	27.27	17.36
Prior Period expense	3.45	-
Freight & forwarding expense	375.06	252.72
Miscellaneous expenses	0.56	(0.32)
	<b>3,914.33</b>	<b>3,559.35</b>

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

	For the year ended 31 March 2024	For the year ended 31 March 2023
Opening stock	400.92	343.52
Add:		
Consumption of stores, tools and spares parts	59.06	364.06
Consumption of Packing materials	198.49	179.36
Consumption of polishing and plating material	-	75.62
Less: Closing stock	218.41	400.92
Net Consumption of stores ,spares, Packing & tools	<b>440.05</b>	<b>561.64</b>

**## Payment to auditors**

	For the year ended 31 March 2024	For the year ended 31 March 2023
As auditors		
-Audit fees	2.00	1.00
	<b>2.00</b>	<b>1.00</b>

**32 Income tax**

	For the year ended 31 March 2024	For the year ended 31 March 2023
Tax expense comprises of:		
Current tax	264.43	257.58
Deferred tax credit	5.46	16.00
Income tax expense reported in the statement of profit and loss	<b>269.88</b>	<b>273.58</b>
Deferred tax credit	(2.14)	(5.92)
Income tax expense reported in the statement of Other comprehensive income	<b>(2.14)</b>	<b>(5.92)</b>

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company and the reported tax Effective Income Tax Rate

25.168% 25.168%

Accounting profit before income tax

1,047.38 1,002.12

At India's statutory income tax rate

263.61 252.21

Tax effect of amounts which are not deductible (taxable) in calculating taxable income:

Item on which deferred tax has not been created

0.82 7.32

Impact of change in tax rate

- -

Others

- 14.05

Income tax expense

264.43 273.58

### 33 Earnings per share

For the year ended  
31 March 2024

For the year ended  
31 March 2023

Net Profit/(loss) attributable to equity shareholders

777.50 728.53

Nominal value of equity share in ₹

10.00 10.00

Total number of equity shares outstanding at the beginning of the year\*

1,21,80,800 60,90,400

Total number of equity shares outstanding at the end of the year\*

1,21,80,800 1,21,80,800

Weighted average number of equity shares\*

1,21,80,800

Basic Earning per Share on actual outstanding at year end

6.38 5.98

Diluted Earnings per Share

6.38 7.49

\* These are in absolute numbers.

**Pavna Industries Limited****Statement of Changes in Equity for the year ended 31 March 2024**

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

**A. Equity share capital\***

Particulars	Opening balance as at 31 March 2022	Changes in equity share capital during the year	Balance as at 31 March 2023
Equity share capital	609.04	609.04	1,218.08

Particulars	Opening balance as at 31 March 2023	Changes in equity share capital during the year	Balance as at 31 March 2024
Equity share capital	1,218.08	-	1,218.08

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

Particulars	Reserves and Surplus			OCI	Total
	Security Premium	Retained Earnings	General Reserve	Remeasurement of defined benefit plans	
Balance as at 31 March 2022	1,398.72	3,085.01	1.12	14.90	4,499.75
Profit/ (Loss) for the year	-	728.53	-	-	728.53
Issue of Bonus Shares	-	(609.04)	-	-	(609.04)
Dividend	-	(121.81)	-	-	(121.81)
Other comprehensive income for the year (net of tax impact)	-	-	-	17.61	17.61
Balance as at 31 March 2023	1,398.72	3,082.70	1.12	32.51	4,515.05
Profit/ (Loss) for the period	-	777.50	-	-	777.50
Other comprehensive income for the year (net of tax impact)	-	-	-	6.35	6.35
Balance as at 31 December 2024	1,398.72	3,860.20	1.12	38.86	5,298.90

\*Refer note 15 for details

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

For Rajeev Kumar & Co  
Chartered Accountants  
Firm's Registration No.: 000633C

Rajeev Kumar  
Proprietor  
Membership No.: 070103

Place: Aligarh  
Date: 30/05/2024



For and on behalf of the Board of Directors of  
Pavna Industries Limited

Swapnil Jain  
Director  
DIN: 01542555

Palak Jain  
Chief Financial officer  
PAN : BDEPJ7242M

Asha Jain  
Director  
DIN: 00035024

Charu Singh  
Company Secretary  
PAN : CVBPS6669B



**Pavna Industries Limited**  
**Notes to the financial statements for the year ended 31 March 2023**  
*(All amounts are in lacs(₹), unless otherwise specified)*

**34 Financial instruments**

**i) Financial assets and liabilities**

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

Particulars	As at 31 March 2024			As at 31 March 2023		
	Amortised cost	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI
<b>Financial assets*</b>						
Investments	964.03	-	-	1,219.03	-	-
Trade Receivables	5,290.06	-	-	4,375.22	-	-
Loans	-	-	-	250.00	-	-
Cash and cash equivalents	13.37	-	-	16.94	-	-
Other Bank Balances	4.44	-	-	4.50	-	-
Other financial assets	311.67	-	-	270.81	-	-
<b>Total financial assets</b>	<b>6,583.57</b>	<b>-</b>	<b>-</b>	<b>6,136.51</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities*</b>						
Borrowings	11,048.02	-	-	8,825.51	-	-
Lease liabilities	38.86	-	-	43.82	-	-
Trade payables	3,473.81	-	-	4,357.15	-	-
Other financial liabilities	278.64	-	-	347.43	-	-
<b>Total financial liabilities</b>	<b>14,839.33</b>	<b>-</b>	<b>-</b>	<b>13,573.90</b>	<b>-</b>	<b>-</b>

**Fair Value Hierarchy**

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

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

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

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

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

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

Particulars	As at 31 March 2024		As at 31 March 2023	
	Carrying value	Fair value*	Carrying value	Fair value*
<b>Financial assets</b>				
Investments	964.03	964.03	1,219.03	1,219.03
Trade Receivables	5,290.06	5,290.06	4,375.22	4,375.22
Loans	-	-	250.00	250.00
Cash and cash equivalents	13.37	13.37	16.94	16.94
Other Bank Balances	4.44	4.44	4.50	4.50
Other financial assets	311.67	311.67	270.81	270.81
<b>Total financial assets</b>	<b>6,583.57</b>	<b>6,583.57</b>	<b>6,136.51</b>	<b>6,136.51</b>
<b>Financial liabilities</b>				
Borrowings	11,048.02	11,048.02	8,825.51	8,825.51
Lease liabilities	38.86	38.86	43.82	43.82
Trade payables	3,473.81	3,473.81	4,357.15	4,357.15
Other financial liabilities	278.64	278.64	347.43	347.43
<b>Total financial liabilities</b>	<b>14,839.33</b>	<b>14,839.33</b>	<b>13,573.90</b>	<b>13,573.90</b>

## Financial risk management

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

### Risk Management Framework

The Company's activities make it susceptible to various risks. The company has taken adequate measures to address such concerns by developing adequate systems and practices. The Company's overall risk management program focuses on the unpredictability of markets and seeks to manage the impact of these risks on the Company's financial performance. The Company's senior management oversee the management of these risks and advises on financial risks and the appropriate financial risk

governance framework for the Company. The board provides assurance to the shareholders that the Company's 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. The Company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and company's activities. The Company's audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

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

### A) Credit risk

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

#### a) Credit risk management

##### i) Credit risk rating

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

A: Low credit risk

B: Moderate credit risk

C: High credit risk

There are certain charges open at MCA portal. These charges are created against the loan availed and which has been fully repaid. We have got no dues certificate from respective institution and charge satisfaction form filing with MCA is under process.

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

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

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

Credit rating	Particulars	As at 31 March 2024	As at 31 March 2023
Low credit risk	Cash and cash equivalents, loans and other financial assets	5,619.54	4,917.48

### Cash and cash equivalents and other bank balances

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

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

### Trade Receivables

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of statements of financial position whether a financial asset or a company of financial assets is impaired. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition

### b) Credit risk exposure

#### i) Provision for expected credit losses

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

As at 31 March 2024

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash	13.37	-	13.37
Other bank balances	4.44	-	4.44
Trade receivables	5,290.06	-	5,290.06
Loans	-	-	-
Other financial assets	311.67	-	311.67

As at 31 March 2023

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash	16.94	-	16.94
Other bank balances	4.50	-	4.50
Trade receivables	4,375.22	-	4,375.22
Loans	250.00	-	250.00
Other financial assets	270.81	-	270.81

### B) Liquidity risk

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

#### Maturities of financial liabilities

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

As at 31 March 2024	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Non-derivatives					
Borrowings	9,105.16	1,066.92	851.16	24.78	11,048.02
Trade payable	2,967.29	-	-	-	2,967.29
Lease liabilities	3.47	8.52	8.52	15.53	36.04
Other financial liabilities	278.64	-	-	-	278.64
Total	12,354.56	1,075.44	859.68	40.31	14,330

As at 31 March 2023	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Non-derivatives					
Borrowings	5,979.07	574.11	373.72	1,898.61	8,825.51
Trade payable	4,293.23	-	-	-	4,293.23
Lease liabilities	4.96	8.52	8.52	34.08	56.08
Other financial liabilities	347.43	-	-	-	347.43
Total	10,624.68	582.63	382.24	1,932.69	13,522

### C) Market risk

#### Interest rate risk

##### i) Liabilities

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. The Company manages its interest rates by selection appropriate type of borrowings and by negotiation with the bankers.



**Interest rate risk exposure**

Particulars	As at 31 March 2024	As at 31 March 2023
Secured Variable rate borrowings	9,048.02	5,671.51
UnSecured Variable rate borrowings	2,000.00	2,000.00
Total borrowings	11,048.02	7,671.51

\*The above amount doesnot include borrowings from related party

**Sensitivity**

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

Particulars	As at 31 March 2024	As at 31 March 2023
Increase in borrowing rate by 1%	110.48	76.72
Decrease in borrowing rate by 1%	(110.48)	(76.72)

**ii) Assets**

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

**Currency Risk**

The Company has international transactions and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency

**Earnings in Foreign currency**

Description of Transactions	As at 31 March 2024	As at 31 March 2023
Export of Material and services	789.03	581.69

**Expenditure in Foreign currency**

Description of Transactions	As at 31 March 2024	As at 31 March 2023
Import of Material and services	34.64	14.88

**Foreign Currency risk Exposures**

Financial Assets	As at 31 March 2024		As at 31 March 2023	
	USD \$	EUR	USD \$	EUR
Trade Receivable In Foreign currency	12,700	2,28,178.63		1,61,714.28
Trade Receivable In INR	10,57,005	2,05,46,197.31		1,38,43,444.00

**Sensitivity Analysis of 5% change in exchange rate at the end of reporting period**

Financial Assets	As at 31 March 2024		As at 31 March 2023	
	USD \$	EUR	USD \$	EUR
<b>1% Depreciation in INR</b>				
Impact on Profit and Loss Account - Income/ (Expense)		(2,05,462)	-	(1,38,434)
<b>1% Appreciation in INR</b>				
Impact on Profit and Loss Account - Income/ (Expense)		(2,05,462)	-	(1,38,434)

**Pavna Industries Limited**

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

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

**35 Related party transactions**

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

a) Subsidiary Company	Swapnil Switches Pvt. Ltd. Pavna Auto Engineering Pvt. Ltd. Pavna Sun World Autotech Pvt Ltd Pavna Marketing Pvt Ltd Pavna Goyam Auto Pvt Ltd
b) Entity having substantial interest in the Company	PJ Wealth Management & Consultants P. Ltd.
c) Key Managerial Personnel (KMP)	
Managing Director	Shri Swapnil Jain
Director	Smt. Asha Jain
Director	Smt. Priya Jain
Director	Shri Sanjay Kumar Jain
CEO	Shri. Ravindra J Pise
CFO	Shri Makarand Haribhau Mahajan
CFO	Shri. Ravindra Madan Mohan Agrawal
CFO	Ms. Palak Jain
CS	Ms. Charu Singh
CS	Ms. Kanchan Gupta
KMP	Mr. Vijay Sharma
KMP	Mr. Ram Karan Malik
KMP	Mr. Arun Khanna
KMP	Mr. Pankaj Agarwal
KMP	Mr. Alok Sharma
KMP	Mr. Rachakonda Murthy
Independent Director	Shri Naozer Firoze Aibara
Independent Director	Shri Dhruv Jain
Independent Director	Shri Achyutanand Ramchandra Mishra

**d) Relatives of Key Managerial Personnel (KMP)**

Where transactions have taken place during the year or previous year or balances are outstanding - NIL

**e) Enterprise over which KMP exercise control or significant influence**

Pavna Sports Venture Private Limited  
PJ Wealth Management & Consultants P. Ltd.  
Ascus Cricket Private Limited  
Pavna Electric Systems Private Limited  
Pavna International Schools Private Limited

**Pavna Industries Limited**

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

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

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

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

Nature of Transactions	Name of Related Party	Relationship	For the year ended 31 March 2024	For the year ended 31 March 2023
	<b>Loan taken during the year</b>			
Loan taken	Smt. Asha Jain	Director	-	95.00
Loan taken	Smt. Priya Jain	Director	-	180.00
Loan taken	Shri Swapnil Jain	Managing Director	-	859.00
Loan taken	PJ Wealth Management & Consultants P. Ltd.	Entity having substantial interest in the Company	414.50	150.00
	<b>Loan Repaid during the year</b>			
Repayment of Loan taken	Smt. Asha Jain	Director	95.00	200.00
Repayment of Loan taken	Smt. Priya Jain	Director	-	180.00
Repayment of Loan taken	Shri Swapnil Jain	Managing Director	269.00	590.00
Repayment of Loan taken	PJ Wealth Management & Consultants P. Ltd.	Entity having substantial interest in the Company	1,204.50	325.00
	<b>Interest on Loans (Net of TDS)</b>			
Interest(Net)	Smt. Asha Jain	Director	0.70	9.70
Interest(Net)	Shri Swapnil Jain	Managing Director	1.99	9.26
Interest(Net)	Smt. Priya Jain	Director	-	0.83
Interest(Net)	PJ Wealth Management & Consultants P. Ltd.	Entity having substantial interest in the Company	54.10	76.85
	<b>Remuneration, Salary &amp; Other Expense</b>			
Remuneration	Shri Swapnil Jain	Managing Director	216.00	216.00
Remuneration	Shri. Ravindra J Pise	CEO	28.00	-
Remuneration	Shri. Makarand Mahajan	CFO	5.00	15.00
Remuneration	Shri. Ravindra Madan Mohan Agrawal	CFO	10.61	-
Remuneration	Ms. Palak Jain	CFO	3.24	-
Remuneration	Ms. Charu Singh	CS	7.90	7.12
Remuneration	Kanchan Gupta	CS	6.23	-
Remuneration	Vijay Sharma	KMP	24.00	24.00
Remuneration	Ram Karan Malik	KMP	26.28	26.28
Remuneration	Arun Khanna	KMP	25.44	23.44
Remuneration	Pankaj Agarwal	KMP	25.16	22.16
Remuneration	Alok Sharma	KMP	18.60	15.58
Remuneration	Rachakonda Murthy	KMP	7.29	-
Building Rent	Smt. Asha Jain	Director	8.52	8.52
Lease Rent	Smt. Asha Jain	Director	0.10	0.10
Trade Mark Royalty	Smt. Asha Jain	Director	70.77	65.68
	<b>Sales &amp; Purchase</b>			
Purchase	Swapnil Switches Pvt. Ltd.	Subsidiary Company	159.31	242.99
Purchase - Fixed Assets	Swapnil Switches Pvt. Ltd.	Subsidiary Company	-	44.26
Purchase	Pavna Auto Engineering Pvt. Ltd.	Subsidiary Company	66.27	239.19
Sale	Swapnil Switches Pvt. Ltd.	Subsidiary Company	317.68	368.59
Sale	Pavna Auto Engineering Pvt. Ltd.	Subsidiary Company	2,040.06	2,295.54
Sale	Pavna Sun World Autotech Pvt Ltd	Subsidiary Company	5.43	11.46
Purchase	Pavna Sun World Autotech Pvt Ltd	Subsidiary Company	0.10	0.58
Sale	Pavna Marketing Pvt Ltd	Subsidiary Company	3,044.69	2,695.60
Purchase	Pavna Marketing Pvt Ltd	Subsidiary Company	303.64	100.81
Purchase	Pavna Goyam Auto Pvt Ltd	Subsidiary Company	-	967.81
Sale	Pavna Goyam Auto Pvt Ltd	Subsidiary Company	-	238.71
DG SET RENT	Pavna Goyam Auto Pvt Ltd	Subsidiary Company	-	0.80
Building Rent	Pavna Goyam Auto Pvt Ltd	Subsidiary Company	-	13.78
	<b>Investment of Shares- Sales/ Purchase</b>			
Advances	Pavna Goyam Auto Pvt. Ltd.	Subsidiary Company	250.00	-
	<b>Security Deposits</b>			
Security Deposit	Pavna Goyam Auto Pvt Ltd	Subsidiary Company	-	100.00



Pavna Industries Limited

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

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

Note No.- Related Party Disclosure - Contd..

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

Nature of Transactions	Name of Related Party	Relationship	As at 31 March 2024	As at 31 March 2023
Loan Taken	Smt. Asha Jain	Whole time director	-	95.00
Loan Taken	Shri Swapnil Jain	KMP	-	269.00
Loan Taken	PJ Wealth Management & Consultants P. Ltd.	Entity having substantial interest in the Company	-	790.00
Trade Receivables	Swapnil Switches Pvt. Ltd.	Subsidiary company	114.40	231.76
Trade Receivables	Pavna Marketing Pvt Ltd	Subsidiary company	755.91	216.05
Trade Receivables	Pavna Sun World Autotech Pvt Ltd	Subsidiary company	107.95	64.34
Trade Receivables	Pavna Auto Engineering Pvt. Ltd.	Subsidiary company	255.26	193.16
Trade Payables	Pavna Auto Engineering Pvt. Ltd.	Subsidiary company	-	-
Trade Payables	Smt. Asha Jain	Whole time director	-	2.86
Investments	Swapnil Switches Pvt. Ltd.	Subsidiary company	197.76	197.76
Investments	Pavna Marketing Pvt Ltd	Subsidiary company	10.00	10.00
Investments	Pavna Sun World Autotech Pvt Ltd	Subsidiary company	71.50	71.50
Investments	Pavna Auto Engineering Pvt. Ltd.	Subsidiary company	684.77	684.77
Investments	Pavna Goyam Auto Pvt. Ltd.	Subsidiary company	-	255.00
Security Deposit given*	Smt. Asha Jain	Managing director	300.00	300.00

## Pavna Industries Limited

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

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

#### 36 Capital management

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

Companies Debt equity ratio is:

Particulars	As at 31 March 2024	As at 31 March 2023
Debt*	11,034.65	8,808.56
Equity	6,516.98	5,733.13
Debt to equity ratio	1.69	1.54

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

#### 37 Employee benefits

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

##### Defined contribution plans

	For the year ended 31 March 2024	For the year ended 31 March 2023
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The company makes contribution towards employee's provident fund and employee's state insurance. The company has recognised following as contribution towards these schemes.

158.36	139.98
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##### Defined benefit plans

###### Gratuity

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

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

##### Amounts recognised in the balance sheet:

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Present value of the obligation	272.27	198.40
Current liability (amount due within one year)	87.09	70.13
Non-current liability (amount due over one year)	185.18	128.27

##### Loss recognised in other comprehensive income:

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Actuarial loss recognised during the year	(8.49)	(23.53)

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

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Current service cost	39.98	37.34
Interest cost	16.21	13.29
Cost recognised during the year	56.19	50.63

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

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Present value of defined benefit obligation at the beginning of the year	225.12	198.40
Current service cost	39.98	37.34
Interest cost	16.21	13.29
Actuarial (gain)/loss net	-	-
Actuarial loss on arising from change in demographic assumption	-	-
Actuarial loss on arising from change in financial assumption	2.66	(5.88)
Actuarial loss on arising from experience adjustment	(11.15)	(17.65)
Benefits paid	(0.55)	(0.38)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>272.27</b>	<b>225.12</b>

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

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Discount rate	7.00%	7.20%
Salary escalation rate	5.00%	5.00%
Retirement age (Years)	58 Years	58 Years
Withdrawal rate	10.00%	10.00%
Weighted average duration of PBO	7 Years	7 Years

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

Sensitivity analysis for gratuity liability:

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>a) Impact of the change in discount rate</b>		
Present value of obligation at the end of the year		
Impact due to increase of 1 %	13.57	11.40
Impact due to decrease of 1 %	12.04	10.10
<b>b) Impact of the change in salary increase</b>		
Present value of obligation at the end of the year		
Impact due to increase of 1 %	13.71	11.54
Impact due to decrease of 1 %	12.37	10.39

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

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

### 38 Segment information

The company operates in a single reportable segment, for the purpose of Ind AS 108 "Operating Segment", is considered to be the only reportable business segment. The Company derives its major revenues from the activities related to manufacturing of Locks, Auto Locks and Auto Parts in India.

### 40 Disclosure under Ind AS 115 - Revenue from Contracts with Customer

#### I. Disaggregation of revenue

Description	For the year ended 31 March 2024	For the year ended 31 March 2023
Sale of products	28,273.49	26,271.51
Sale of services	-	-
Scrap sales	-	-

#### (II) Contract Assets and Contract Liabilities

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Trade receivable	5,290.06	4,375.22
Contract Assets - Accrued revenue	-	-
Contract Liabilities - Advance from customer	21.16	68.95



#### 41 Leases

##### a) Company as a lessee

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

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

##### i. Lease Liabilities

Particulars	As at 31 March 2024	As at 31 March 2023
Current	3.47	4.96
Non-Current	35.39	38.86

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

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

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Depreciation on right of use assets	5.53	17.71
Interest on lease liabilities (included in interest expense)	3.93	4.96
Expense relating to short term leases	69.16	55.40
Net Impact on Statement of Profit or loss	78.62	78.06

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

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Payment of lease liabilities- interest and principal	8.52	21.83

##### (iv) Maturity of lease liabilities

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

Lease Payments	As at 31 March 2024	As at 31 March 2023
Less than 1 year	-	3.47
1-2 Years	8.52	8.52
2-3 Years	8.52	8.52
More than 3 Years	34.08	34.08
Total	51.12	54.59

## Pavna Industries Limited

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

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

#### 42 Financial Ratios

Ratio	Measurement Unit	Numerator	Denominator	As at 31 March 2024	As at 31 March 2023	% Change March 2024	% Change March 2023
Current Ratio	Times	Current assets	Current liabilities	1.02	1.08	-6.24%	-0.20%
Debt Equity Ratio	Times	Total debt (Non-current borrowings + Current borrowings)	Total equity	1.70	1.54	10.13%	5.54%
Debt Service coverage Ratio	Times	Earnings before depreciation and amortisation and interest (Profit & loss after tax + depreciation & amortisation expense+ Finance costs (excluding interest on lease liabilities))	Interest expenses (Including capitalised)+ Principal repayments (including prepayments)	1.53	1.94	-21.00%	-10.07%
Return on equity ratio	%	Profit after tax	Average of total equity	12.69%	13.44%	-5.55%	1.27%
Inventory Turnover Ratio	Times	Cost of material consumed	Average Inventories	2.90	3.00	-3.43%	-32.92%
Trade Receivables turnover Ratio	Times	Revenue from Operations	Average trade receivables	5.85	6.23	-6.02%	-14.23%
Trade Payables turnover Ratio	Times	Purchase + other expenses	Average trade payables	6.05	5.66	7.04%	-20.52%
Net Capital turnover ratio	Times	Revenue from Operations	Working capital (Current assets- current liabilities)	131.39	27.53	377.22%	-7.18%
Net Profit ratio	%	Profit after tax	Revenue from operations	3%	3%	-0.64%	8.71%
Return on Capital Employed	%	Earnings before depreciation and amortisation and interest (Profit & loss before tax + depreciation & amortisation expense+ Finance costs )	Capital employed (Total assets - current liabilities + current borrowings)	16.06%	16.30%	-1.47%	-3.96%
Return on Investment	%	Profit after tax	Equity share capital + securities premium	29.71%	27.84%	6.72%	-12.02%

#### Reasons for Changes in ratio above 25%:

Ratio	Reason
Current Ratio	Not Applicable
Debt Equity Ratio	Not Applicable
Debt Service coverage Ratio	Not Applicable
Return on equity ratio	Not Applicable
Inventory Turnover Ratio	Not Applicable
Trade Receivables turnover Ratio	Not Applicable
Trade Payables turnover Ratio	Not Applicable
Net Capital turnover ratio	MSME creditors have been paid which has lead to decrease in Trade payable, thus having an impact on the ratios
Net Profit ratio	Not Applicable
Return on Capital Employed	Not Applicable
Return on Investment	Increase in Profits as compared to previous year

#### 42 Corporate Social Responsibility

Particulars	Mar-24	Mar-23
CSR liability for the year:		
Average net profit for last 3 years	850.00	803.86
CSR liability (2% of average) for the year	17.00	16.08
Amount spent during the year	17.00	16.08
Balance amount unspent	-	-

#### Information relating to Litigations

Company has received following GST orders and Notices-Order for Aligarh Unit is Rs. 1489753 and for Aurangabad Unit Rs 9589497  
Notice for Input Tax - Reconciliation has been received and we are in process of its disposal and necessary step has been taken.

There is dispute regarding accidental claim by worker which amounts to approximately Rs 17 Lakhs.

#### Other information

(i) Pursuant to the Taxation Laws (Amendment) Act, 2019, with effect from 01-April-19 domestic companies have the option to pay corporate income tax at a rate of 22% plus applicable surcharge and cess ('New Tax Rate') subject to certain conditions. The Company continued to compute tax as per old tax rate for the financial year 2019-20 & 2020-21 & adopted new scheme from 01.04.2021.

(ii) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(iii) The Company did not have any transactions with Companies struck off.

(iv) There are certain charges open at MCA portal. These charges are created against the loan availed and which has been fully repaid. We have got no dues certificate from respective institution and charge satisfaction form filing with MCA is under process. There are 2 charges for Reliance Capital Loan and Reliance Home Finance Ltd. Loan is repaid and NOC for the same is received. Compliance is in process for Charge satisfaction. Pavna Goyam Auto Pvt Ltd has repaid its loan. Borrower has repaid but charge not yet satisfied. NOC is yet to be received

(v) The Company has not traded or invested in Crypto currency or Virtual Currency during the respective financial years / period.

(vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(viii) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(ix) The Company has not been declared willful defaulter by any bank or financial Institution or other lender.

(x) The Company does not have any Scheme of Arrangements which have been approved by the Competent Authority in terms of sections 230 to 237 of the Act.

(xi) The Company has complied with the the number of layers prescribed under of Section 2(87) of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

(xii) There are some differences between stock statement submitted to bank and books of accounts. These difference are due to clerical mistake while compiling the data. However revised stock statement are submitted to Bank.

xiii) Since payments to MSME creditors has been made by way of Account Payee cheques, within the specified time limits hence no provision has been made.

xiv) During the year the company has given an advance of Rs 107.95 lakhs to its subsidiary Pavna Sunworld Private limited against purchase of Raw Material and fixed asset.

xv) During the year the company sold its entire holding in Pavna Goyam Auto Pvt Ltd. on 11th May 2023.as such PGAPL ceased to be a subsidiary of the company w.e.f 11 May 2023. The management is of the opinion that there is no Gain / Loss on sale of shares and it requires no provision for Income Tax