

NAVAL SYSTEMS AND TECHNOLOGIES PRIVATE LIMITED

Registered Office: Plot No.563, Road No.31, Jubilee Hills, Hyderabad – 500033.

BOARD OF DIRECTORS

Mr. M.S.S.Srinath
Mrs. Kavita Prasad
Cmde (Retd) Arvind Sharma - CEO

BANKERS

State Bank of India, Noida.
State Bank of India, Secunderabad.

AUDITORS

M/s.K. Raghunath & Co.Chartered Accountants,
3-6-102/A/B/C, 1st Floor, Near Old Vijaya Diagnostics,
Street 25, Himayat Nagar, Hyderabad – 500 029.

THIRTEENTH ANNUAL REPORT 2018-19

DIRECTORS' REPORT FOR THE YEAR 2018-19

Dear Members

Your Directors have pleasure in submitting the Thirteenth Annual Report together with the Audited Financial Statements for the year ended on 31st March 2019.

OPERATIONS:

Operations during the year 2018-19 were relatively lower than 2017-18 essentially due to reduced orders from customers. This is due to macro factors beyond Company's ability such as competitive bid environment, customer procurement limitations, non-finalisation of certain tenders etc. However due to continued efforts of the Board, profitability of the year was maintained satisfactorily despite lower income during the year. Your Directors convey their sincere thanks to the valued customers who enabled the continuous growth of the Company. The overall performance summary is given hereunder, prepared as per Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 (as amended).

	2018-18	2017-18
	₹ lakhs	₹ lakhs
Gross income from sales / services	758.33	1772.16
Other income (net)	70.06	64.28
Total expenditure	632.02	1320.55
Profit /(loss) before depreciation amortization and miscellaneous expenses charged off (PBDT)	196.37	515.89
Depreciation	3.13	1.43
Profit before tax the year (PBT)	193.24	514.46
Tax provisions – Current and Deferred tax	52.79	142.12
Profit after tax (PAT)	140.45	372.34

REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS:

Your Directors are hopeful of winning some of the prospective bids which are in different stages of participation and relentless efforts are being made accordingly. Barring unforeseen circumstances, performance in the year 2019-20 is expected to have a positive growth if the anticipated orders materialise, considering the present situation of orders on hand and anticipated further. It is not feasible to forecast such developments at this juncture.

DIVIDEND AND TRANSFER OF UNCLAIMED DIVIDEND:

No dividend is being proposed for the year 2018-19 in order to conserve resources for operational and future requirements. No amount is transferred to reserves. The provisions of Section 125 (2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.

MATERIAL CHANGES AND COMMITMENTS:

There are no material changes that occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of the report.

DEPOSITS:

Your Company has not accepted any Fixed Deposits from the Public during the period under review.

PARTICULARS OF LOANS OR GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT 2013:

During the year, the Company has not given or advanced any loans, guarantees or made investments as per section 186 of the Companies Act 2013.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

The disclosures as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 are not applicable to your Company.

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

The provisions of Section 134(m) of the Companies Act, 2013 do not apply to your Company.

FOREIGN EXCHANGE EARNINGS AND OUT GO:

During the period under review, Foreign Exchange earnings and out go are as under.

Item (Amount in ₹ lakhs).	2018-19	2017-18
Expenditure in Foreign Currency		
Raw Materials, Components and Spares	235.85	820.98
Travelling Expenses	22.37	8.14
Earnings In Foreign Currency (CIF Basis)		
Service Income	206.21	94.26
Other Income	-	3.01

STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY:

Your Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence are very minimal. Your Board is experienced in these matters to handle the situations.

ANNUAL RETURN:

An extract of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is available.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS:

The Company has in place adequate internal financial controls with reference to financial statements commensurate with its size and nature of business. During the year under review, such controls were tested and no reportable material weakness in the design or operation were observed.

THE BOARD:

There was no change in the Board of Directors during the year under review. Your Company is not mandatorily required to appoint any whole time Key Management Personnel (KMP). Cmde Arvind Sharma is the CEO of the Company and is a KMP.

COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES:

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company.

NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW:

The Company has conducted 5 Board meetings during the year under review (on 12.6.2018, 26.9.2018, 8.10.2018, 15.11.2018 and on 29.3.2019)

DIRECTORS RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submit its responsibility Statement:

- (a) in the preparation of the annual accounts, the applicable accounting standards as per Ind AS had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period in accordance with Ind AS;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the Company being unlisted, sub clause (e) of section 134(3) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS:

The Independent Statutory Auditors of the Company M/s. K. Raghunath & Co (FRN 03341S), Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting of the Company and are eligible for re-appointment. Your Board recommends for their re-appointment at the Annual General Meeting.

EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND PRACTICING COMPANY SECRETARY IN THEIR REPORTS:

There are no qualifications, reservations or adverse remarks made by the Auditors in their report. The provisions relating to submission of Secretarial Audit Report are not applicable to the Company.

DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM:

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 are not applicable to the Company.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS:

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

The Company does not have any Subsidiary. HBL Power Systems Limited and Futuristic Technologies are Associate Companies holding 41% and 49% respectively in your Company. There is no change in their shareholding.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:

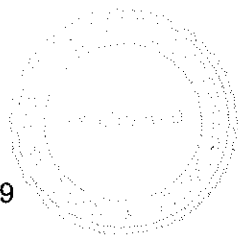
Contract or arrangements made (if any) with related parties as defined under Section 188 of the Companies Act, 2013 during the year under review are disclosed separately in Notes to the Financial Statements.

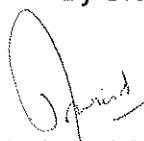
ACKNOWLEDGEMENTS:

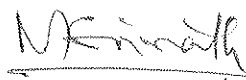
Your Directors place on record their sincere thanks to all customers, employees, bankers, business associates and various Government Authorities for their continued support extended to your Company during the year under review. Your Directors also acknowledge gratefully the shareholders for their support and confidence reposed on your Company

By Order of the Board

Place : Hyderabad
Date : 4th June 2019




Cmde Arvind Sharma (Retd)
Director /CEO
DIN No: 01483101


MSS Srinath
Director
DIN No: 00319175



K. Raghunath & Co.

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF
NAVAL SYSTEMS AND TECHNOLOGIES PRIVATE LIMITED.**

Report on the Financial Statements

We have audited the accompanying standalone IND-AS financial statements of NAVAL SYSTEMS AND TECHNOLOGIES PRIVATE LIMITED ("the company"), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone IND-AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India along with IND-AS;

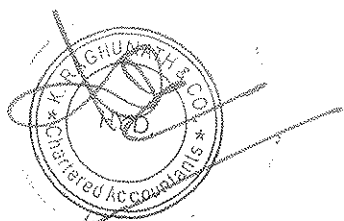
- a) In the case of the Balance Sheet, of the State of Affairs of the Company as at March 31, 2019; and
- b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date;

Report on Other Legal and Regulatory Requirements

As required by "the Companies (Auditor's Report) Order, 2016", issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the Order), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

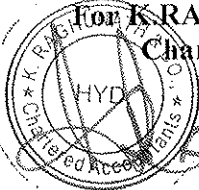
1. As required by section 143(3) of the Act, we report that:

- 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 accounts as required by law have been kept by the company so far as appears from our examination of those books;
- c) The Balance Sheet and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;



- d) The Balance sheet and the statement of Profit and Loss comply with the Accounting standards under section 133 of the companies Act 2013 read with Rule 7 of the companies (Accounts) Rules 2014.
- e) On the basis of written representation received from the directors as on March 31, 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31 2019, from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the companies (Audit and Auditors)Rule, 2014, in our opinion and to the best of our information and according to the explanation given to us:
- i. The Company has disclosed the pending litigations at Note No: 3 (c) (2),(3) to the financial statements however their impact on the financial position has not been stated in the financial statements in view of their contingent nature.
 - 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.

Place: Hyderabad
Date: 04-06-2019


K. RAGHUNATH
(Proprietor)
M.No :022637

Report under The Companies (Auditor's Report) Order, 2016

ANNEXURE REFERRED TO IN PARAGRAPH I OF THE "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE:

i. In respect of its fixed assets:

- a) The Company has maintained proper records showing full particulars including quantities details and situation of fixed assets on the basis of available information.
- b) As explained to us, all the fixed assets have been physically verified by the management, which in our opinion is reasonable, of its assets. No material discrepancies were noticed on such physical verification.
- c) There are no immovable properties held in the name of the company.

ii. In respect of its inventories:

The Company has maintained proper records of inventories meant for resale. As per the information and explanation given to us, no material discrepancies were noticed on physical verification. There is no inventory of such items at the year end.

iii. The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013:

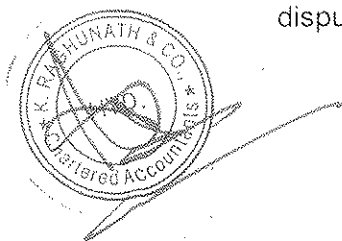
iv. There are no loans, investments guarantees, and security to which the provisions of Sec 185 and 186 of the Companies Act 2013 apply.

v. According to the information and explanation given to us, the company has not accepted any deposit from the public. Therefore, the provisions of clause (v) of paragraph 3 of the CARO 2016 are not applicable to the Company.

vi. The cost records prescribed as per the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1) (d) of the Companies Act, 2013 are not applicable to the company.


vii. In respect of statutory dues:

- a) The Company is regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, VAT, Cess and other Statutory dues with the applicable authorities. There are no arrears to be paid on 31-03-2019 for a period of more than six months from the date they become payable.
- b) There were no statutory dues which have not been deposited on account of any dispute.



- c) There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.
- viii. The company has not borrowed any funds from the Banks/Financial Institutions, hence the question of over dues and defaults in repayments does not arise.
- ix. The Company has not raised any funds by way of Initial Public Offer or further public offer and therefore application of the said funds for the purpose for which they have been raised does not arise.
- x. In our opinion and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- xi. In our opinion managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013.
- xii. The related party transactions entered into during the year by the company have been reported at S.No 3 (f) of the Notes on Accounts. The said transactions are not prejudicial to the interest of the company.
- xiii. The company has not made any preferential allotment or private placement of shares or debentures during the year under review.
- xiv. The company has not entered into any non cash transactions with the directors or persons connected with them.
- xv. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

Place: Hyderabad
Date: 04-06-2019

For K.RAGHUNATH&CO.,
Chartered Accountants
FRN: 033418

K.RAGHUNATH
(Proprietor)
M. No:022637

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
STANDALONE 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 over financial reporting of NAVAL SYSTEMS AND TECHNOLOGIES PRIVATE LIMITED ("the company"), as of 31st March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

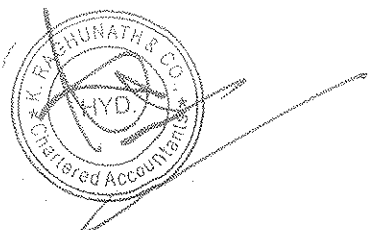
The Company's management is responsible for establishing and maintaining internal financial controls. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its 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 over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence I/we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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



principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.


Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019 based on the internal 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 Control Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Hyderabad
Date: 04-06-2019

For K. RAGHUNATH & CO.,
Chartered Accountants
FRN: 03341S

K. RAGHUNATH
(Proprietor)
M.No : 022637

NAVAL SYSTEMS AND TECHNOLOGIES PVT LTD

CIN: U31403TG2006PTC051006

Balance Sheet as at March 31, 2019


Particulars	Note		As at March 31, 2019 Rs.		As at March 31, 2018 Rs.
I) ASSETS					
1 Non Current Assets					
(a) Property, Plant and Equipment	1	2,832,310		1,061,364	
(b) Financial Assets					
(i) Other Financial Assets	3	24,437,399		-	
(c) Deferred Tax Assets (net)	7	5,332	27,275,041	-	1,061,364
2 Current Assets					
(a) Financial Assets					
(i) Trade Receivables	2	54,054,730		8,743,193	
(ii) Cash and cash equivalents	3	10,532,269		14,523,499	
(iii) Other Bank Balances	3	53,422,701		96,220,859	
(b) Other Current Assets	4	4,197,368	122,207,068	15,327,802	134,815,353
Total			149,482,109		135,876,717
II) EQUITY AND LIABILITIES					
A Equity					
(a) Equity Share Capital	5	1,000,000		1,000,000	
(b) Other Equity	6	127,953,850	128,953,850	113,908,726	114,908,726
B Non Current Liabilities					
(a) Deferred Tax Liabilities (Net)	7		-		109,226
C Current Liabilities					
(a) Financial Liabilities					
(i) Borrowings	8	6,572,106		13,371	
(ii) Trade Payables	9	6,301,701		6,045,656	
(b) Other Current Liabilities	10	821,845		1,119,449	
(c) Provisions	11	6,832,607	20,528,259	13,680,289	20,858,765
Total			149,482,109		135,876,717

The accompanying Notes from an integral part of Financial Statements

As per our Report of even date annexed


 for K.Raghunath & Co.,
Chartered Accountants

FRN No. 033415

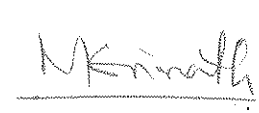


CA K. Raghunath
Proprietor
M.No:022637

 For and on behalf of the Board of Directors
M/s. Naval Systems and Technologies Pvt Ltd.,



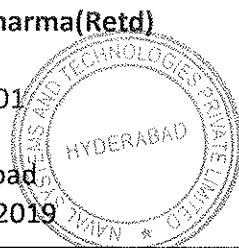
Cmde Arvind Sharma(Retd)
CEO/Director
DIN No.01483101



M S S Srinath
Director
DIN No. 00319175

 Place : Hyderabad
Date : June 4, 2019

 Place : Hyderabad
Date : June 4, 2019

 Place : Hyderabad
Date : June 4, 2019


NAVAL SYSTEMS AND TECHNOLOGIES PVT LTD

CIN: U31403TG2006PTC051006

Statement of Profit & Loss for the year ended March 31, 2019

Particulars	Note	Year Ended March 31, 2019 Rs.	Year Ended March 31, 2018 Rs.
A Revenue			
Revenue from Operations	12	75,832,626	177,215,853
Other Income	13	7,005,984	6,427,783
Total Revenue (A)		82,838,610	183,643,636
B Expenses			
Cost of Material Consumed	14	39,480,268	97,547,962
Employee Benefit Expenses	15	15,601,558	25,749,390
Finance Cost	16	214,969	765,724
Depreciation and Amortisation Expenses	17	312,915	143,255
Other Expenses	18	7,905,184	7,991,149
Total Expenses (B)		63,514,894	132,197,480
C Profit/(loss) before Exceptional items and Tax (A-B)		19,323,716	51,446,156
D Exceptional Items - (Income)/Expense		-	-
E Profit/(loss) before tax (C-D)		19,323,716	51,446,156
F Tax Expense			
- Current Tax		5,393,150	14,172,349
- Deferred Tax (Asset)/Liability		(114,558)	40,194
G Profit After Tax before OCI (E-F)		14,045,124	37,233,613
H Other Comprehensive Income (Net)		-	-
I Total Other Comprehensive Income for the period (G-H)		14,045,124	37,233,613
J Earnings per Equity Share			
- Basic		140.45	372.34
- Diluted		140.45	372.34

The accompanying Notes from an integral part of Financial Statements

As per our Report of even date annexed
for K. Raghunath & Co.,
Chartered Accountants
FRN No. 033415

CA K. Raghunath
Proprietor
M.No:022637

Place : Hyderabad
Date : June 4, 2019

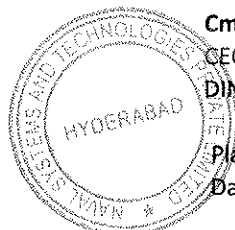
For and on behalf of the Board of Directors
M/s. Naval Systems and Technologies Pvt Ltd.,

Cmde Arvind Sharma(Retd)
CEO/Director
DIN No.01483101

Place : Hyderabad
Date : June 4, 2019

M S S Srinath
Director
DIN No. 00319175

Place : Hyderabad
Date : June 4, 2019



Note: 1

Description	Gross Carrying Cost				Accumulated Depreciation			Net Carrying Cost	
	As on April 1, 2018	Additions	Adjustments / Deletions	As on March 31, 2019	As on April 1, 2018	For the Year	Adjustments / Deletions	As on March 31, 2019	As on March 31, 2018
Tangible Assets									
Computers	477,618	45,763	-	523,381	420,771	17,888	-	438,659	56,847
Office Equipments	70,138	33,927	-	104,065	41,483	10,777	-	52,260	28,655
Vehicles	1,993,438	2,056,762	1,051,816	2,998,384	1,062,640	279,106	999,225	342,521	930,798
Furnitures & Fixtures	54,147	-	-	54,147	9,083	5,144	-	14,227	45,064
Total	2,595,341	2,136,452	1,051,816	3,679,977	1,533,977	312,915	999,225	847,667	1,061,364
Previous Year	2,259,105	969,555	633,319	2,595,341	1,710,127	143,255	319,405	1,533,977	1,061,364



Notes to Financial Statements for the year ended March 31, 2019

Current Assets / Financial Assets

Note : 2

Trade Receivables

Secured, Considered Good

Unsecured, Considered Good

Total

March 31, 2019		March 31, 2018	
Non-Current	Current	Non-Current	Current
-	-	-	-
-	54,054,730	-	8,743,193
-	54,054,730	-	8,743,193

Note : 3

Cash & Cash Equivalents

Cash & Bank Balances

Cash on hand

Balances with banks in current accounts

Fixed deposits (maturity of less than three months)

(A)

Other Bank Balances

Fixed Deposits

Margin Money Deposits included in above

Rs.2,72,21,769 at Face value (Previous year

Rs.1,78,76,120/-)

(B)

Total

(A+B)

March 31, 2019		March 31, 2018	
Non-Current	Current	Non-Current	Current
-	18,788	-	24,899
-	73,019	-	7,003,600
-	10,440,462	-	7,495,000
-	10,532,269	-	14,523,499
24,437,399	53,422,701	-	96,220,859
-	-	-	-
-	-	-	-
24,437,399	53,422,701	-	96,220,859
24,437,399	63,954,970	-	110,744,358

Note : 4

Other Current Assets

Advance for Purchases and Others

Interest Accrued But not Due on Deposits

Service Tax Input/Vat/GST Receivable

Other Advances

Income Tax Refunds Receivable

(A)

Advance Payment of Income Tax (including TDS)

Less : Provision for Income Tax

(B)

Grand Total

(A+B)

March 31, 2019		March 31, 2018	
-	-	-	7,044,754
-	1,556,691	-	2,459,394
-	1,043,639	-	924,000
-	-	-	2,605,930
-	-	-	1,137,173
-	2,600,330	-	14,171,251
-	26,538,567	-	41,444,647
-	24,941,529	-	40,288,096
-	1,597,038	-	1,156,551
-	4,197,368	-	15,327,802



Notes to Financial Statements for the year ended March 31, 2019

Note : 5

Equity Share Capital

Authorised

100,000 Equity shares of Rs.10 each

(Previous Year 100,000 Equity shares of Rs.10 each)

March 31, 2019

1,000,000

March 31, 2018

1,000,000

Issued, Subscribed and fully paid-up

100,000 Equity shares of Rs.10 each

(Previous Year 100,000 Equity shares of Rs.10 each)

1,000,000

1,000,000

1,000,000

1,000,000

5.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	March 31, 2019		March 31, 2018	
	No. of Shares	Value Rs.	No. of Shares	Value Rs.
At the beginning of the period	100,000	1,000,000	100,000	1,000,000
Additions during the period	-	-	-	-
Deletions during the period	-	-	-	-
Outstanding at the end of the period	100,000	1,000,000	100,000	1,000,000

Note : 6

Other Equity

Balance at the beginning of the current reporting period

March 31, 2019

113,908,726

March 31, 2018

76,675,113

Add: Total Comprehensive Income

14,045,124

37,233,613

Balance at the end of the current reporting period

127,953,850

113,908,726

Note : 7

Deferred Tax Liability (Net)

Deferred Tax Liability (As per last Balance Sheet)

109,226

69,032

Add: Deferred Tax (Asset)/Liability for the year

(114,558)

40,194

(5,332)

109,226

Current Liabilities

Note : 8

Borrowings (Loans repayable on Demand)

Secured

Cash Credit Loan from State Bank of India

-

13,371

Loan from State Bank of India

6,572,106

6,572,106

13,371



Notes to Financial Statements for the year ended March 31, 2019

Note : 9

Trade Payables

Payables

March 31, 2019

March 31, 2018

6,301,701

6,045,656

6,301,701

6,045,656

Note : 10

Other Current Liabilities

Statutory Dues - TDS Payables

Other Payables

March 31, 2019

March 31, 2018

Non-Current

Current

Non-Current

Current

-

811,300

-

1,100,867

-

811,300

-

1,100,867

-

10,545

-

18,582

-

10,545

-

18,582

-

821,845

-

1,119,449

Note : 11

Provisions

Other Provisions

Provision for Commission to Director on Profits

Audit & Certification Fees Payable

Provision Others

March 31, 2019

March 31, 2018

Non-Current

Current

Non-Current

Current

-

4,831,000

-

12,895,000

-

91,800

-

54,000

-

1,909,807

-

731,289

-

6,832,607

-

13,680,289



Notes to Financial Statements for the year ended March 31, 2019

Note : 12	(in Rupees)	(in Rupees)
Revenue From Operations (Net)	March 31, 2019	March 31, 2018
Sales of Products	59,406,138	163,180,568
Services - Foreign	16,426,488	14,035,285
	75,832,626	177,215,853

Note : 13	March 31, 2019	March 31, 2018
Other Income		
Interest on Deposits with Banks/Others	6,710,278	5,026,123
Interest received on IT refunds	273,297	-
Foreign Exchange Rate Variation - gain/(loss)	-	1,100,604
Others Incomes	22,409	301,056
	7,005,984	6,427,783

Note : 14	March 31, 2019	March 31, 2018
Cost of Material Consumed		
Opening Stocks	-	-
Purchases, Material, Components & Consumables	39,480,268	97,547,962
	39,480,268	97,547,962
Less: Closing Stocks	-	-
	39,480,268	97,547,962
Cost of Material Consumed	39,480,268	97,547,962

Note : 15	March 31, 2019	March 31, 2018
Employees Cost		
Salaries, Wages & Bonus	7,029,322	5,401,405
Allowances		
LTA	162,486	-
Exgratia	1,000,000	500,000
Medical Expenses	-	75,616
Books & Periodicals	-	59,516
Conveyance	298,750	297,581
	8,490,558	6,334,118
Remuneration to Directors:		
Salaries & Allowances	2,280,000	6,520,272
Commission on Profits	4,831,000	12,895,000
	7,111,000	19,415,272
	15,601,558	25,749,390

Note : 16	March 31, 2019	March 31, 2018
Finance Cost		
Interest - OD Loan	41,977	148,756
Loan Processing Charges	-	301,500
Bank Charges	172,992	315,468
	214,969	765,724

Note : 17	March 31, 2019	March 31, 2018
Depreciation and Amortization expense		
Depreciation on Tangible Assets	312,915	143,255
	312,915	143,255



Notes to Financial Statements for the year ended March 31, 2019

Note : 18

Other Expenses

March 31, 2019

March 31, 2018

Rates & Taxes	2,970	4,661
Insurance to Vehicles	19,583	15,709
Professional & Consultancy Charges	95,000	79,900
Technical Consultancy	4,300,000	5,400,000
Power and Fuel	120,142	117,118
Maintenance - Others	20,244	38,721
Conveyance	4,325	23,033
Travelling Inland	348,383	385,516
Travelling Foreign	2,236,940	813,783
Printing & Stationery	44,777	25,739
Postage, Telephones & Telex	244,293	205,716
Foreign Exchange Rate Variation	237,311	-
Sundry Expenses	21,346	103,432
Payment to Statutory Auditors	60,000	60,000
Liquidated Damages	2,998	-
Business Promotion	146,872	147,890
Loss on Sale of Assts	-	133,915
Debit balances Written Off	-	436,016
TOTAL	7,905,184	7,991,149



Notes forming part of the Financial Statements for the year ended on 31st March 2019

1. Company overview:

Naval Systems and Technologies Private Limited (NSTL or the Company) is a private limited company having its registered office at Hyderabad, Telangana State. The Company is an associate company of HBL Power Systems Limited (HBL).

The Company is a service provider to foreign Original Equipment Manufacturers (OEMs), mainly operating in the field of marine equipment. The services include installation, trials and commissioning of various equipment, annual maintenance, documentation etc.

2. Significant Accounting Policies:

(a) Basis of Preparation and statement of compliance:

The financial statements of the Company for the year ended March 31, 2019 have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended, to facilitate Consolidated Financial Statements of HBL group, even though Ind AS is not applicable to the Company.

(b) Accounting convention and currency

The financial statements have been prepared on historical cost convention and on an accrual basis. Financial statements are presented in Indian Rupees which is the functional currency of the Company. Provision for warranties (if any) where they are not covered by back to back warranty of the original supplier, will be dealt with as and when they arise.

(c) Use of judgements where necessary, assumptions and estimates

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities and contingent assets. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In respect of useful life of Property, Plant, Equipment and Intangibles, recognition of Deferred Tax Assets/Liabilities that have significant effect to the carrying amounts within the next financial year are included in the relevant notes/statements.

(d) Fixed Assets (Property, Plant and Equipment- PPE), Depreciation and Amortization of Intangible Assets:

- Property, Plant and Equipment (PPE) are stated at the cost of acquisition less accumulated depreciation and impairment losses (if any). Cost comprises of purchase price and other attributable costs for bringing the asset to its working condition for its intended use.
- Depreciation is provided on Tangible Assets using the straightline method as per rates specified in Part C of Schedule II of the Companies Act 2013 effective from 1 April 2014 for the period of use in the relevant financial year, based on useful life of asset. Assets costing below Rs. 5000 are fully depreciated in the year of purchase.
- There are no Intangible Assets in the Company.

(e) Valuation of Inventories (at the year end):

Goods meant for resale (components, consumables, spares) are valued at lower of cost (weighted average cost of materials plus conversion / other costs incurred in bringing them to the present condition) or net realisable value.

(f) Revenue recognition

- (i) Revenue on sale of goods is recognised when significant risks and rewards of ownership and effective control on goods have been transferred to the buyer. Sales revenue is measured at fair value net of returns, trade discounts or rebates (if any).
- (ii) Revenue from service is recognized when the outcome of the services rendered can be estimated reliably. Revenue is recognized in the period when the service is performed by reference to the contract stage of completion at the reporting date.
- (iii) Contracts involving supply and service where price breakup is available, revenues in respect of supplies are recognised when goods are delivered to customers unconditionally and service income is recognised on completion of service and bills submitted as per terms of the order.
- (iv) In case of contracts of long term nature, where the normal cycle time for completion is spreading over one or more accounting periods, revenue is recognised, subject to provision of anticipated losses, based on percentage completion as certified by management or customers' acceptance wherever applicable.
- (v) Interest income is reported on accrual basis.

(g) Current and Deferred Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable (if any) is based on taxable profit for the year from the statement of profit and loss. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(h) Foreign currency transactions

- (i) Transactions relating to non-monetary items and Purchase and Sale of goods/services denominated in foreign currency are recorded at the exchange rate prevailing or a rate that approximates the actual rate on the date of transaction.
- (ii) Assets and liabilities in the nature of monetary items denominated in foreign currencies are translated and restated at prevailing exchange rates as at the end of the reporting period.
- (iii) Exchange differences arising on account of settlement / conversion of foreign currency monetary items are recognized as expense or income in the period in which they arise.
- (iv) Foreign currency gains and losses are reported on a net basis which are accounted at fair value through profit or loss.

(i) Financial Assets – Trade receivables

Trade receivables are reported at actual outstanding balances. Any recognition of impairment loss allowance on trade receivable is based on lifetime expected credit loss at each reporting date.

(i) Non Financial Assets

The company assesses at each reporting date whether there is any objective evidence that a non-financial asset is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

(j) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period,

3. Notes to the Financial Statements: (All amounts in Rupees)

- (a) The Company is in the business of supply / sale and/or providing services to customers in the field of marine engineering and there is no other reportable segment.
- (b) As the Company is engaged in sale and service activity, quantitative particulars as required as per Schedule III of Companies Act 2013 are not applicable.

Item (Amount in ₹ lakhs).	2018-19	2017-18
Expenditure in Foreign Currency		
Raw Materials, Components and Spares	235.85	820.98
Travelling Expenses	22.37	8.14
Earnings In Foreign Currency (CIF Basis)		
Service Income	206.21	94.26
Other Income	-	3.01

(c) Contingent Liabilities not provided for:

- Guarantees given by banks on behalf of the company to various customers as per contractual obligation, as on 31.03.2019 were Rs.272.22 lakhs (previous year Rs 178.76 lakhs). These were fully secured against fixed deposits with bank kept as margin money.
- One of the past employees of the company filed a suit in Hon'ble Delhi Hight Court claiming certain compensation and payments (for special training abroad) amounting to Rs 56.90 lakhs the demand of which was not acknowledged by the company. The company engaged a legal counsel to defend and counter the claim. The case has since been transferred to Karkardooma Court. The matter is pending before the Hon'ble Court.
- There is a tax demand of Rs 572970 on certain TDS deductions from FY 2009-10 till 2016-17. The Company is representing this matter to the concerned authorities as TDS payments have been made regularly. Pending a decision of the Income Tax Department on this, no provision has been made for this claim.

(d) Remuneration to Auditors (excluding GST as applicable) in Rupees:-

Particulars	2018-19	2017-18
Statutory Audit	40000	40000
Tax Audit	20000	20000

- (e) Cmde Arvind Sharma Director and CEO is eligible for 20% of the profits as a commission besides monthly salary. A sum of Rs. 48.31 lakhs is provided as commission on profits for the year, which is subject to approval of members. (previous year commission was Rs.128.95 Lakhs.)

(f) Related Party Disclosures

Related Party	Relationship	Shareholding % in the Company
HBL Power Systems Ltd (HBL)	Associate Company	41%
Futuristic Technologies (FT)	Firm/Proprietary concern in which Cmde(retd) Arvind Sharma, CEO is interested as a proprietor/partner	49%
MSS Srinath	Director	10%
Mrs Rita Sharma	Related to Cmde(retd) Arvind Sharma	Nil
Ashwin Sharma	Related to Cmde(retd) Arvind Sharma	Nil

(g). Companies in which Directors are interested

Name of the Director	Directorship in other companies	Shareholding %
Mr. MSS Srinath	HBL Power Systems Limited Naval Systems and Technologies Private Limited Plumac Batteries Private Limited Beaver Technologies Private Limited Gulf Batteries Company Limited (KSA)	HBL Power Systems Ltd (0.69%) Naval Systems & Technologies Pvt. Ltd (10%) Beaver Technologies Private Limited (37.75%)
Mrs. Kavita Prasad Aluru	HBL Power Systems Limited Naval Systems and Technologies Private Limited Plumac Batteries Private Limited	HBL Power Systems Ltd (3.29%) Beaver Technologies Private Limited (37.75%)
Cmde (retd) Arvind Sharma, CEO	Futuristic Technologies	Proprietary concern or Firm

(h). Transactions with companies where Directors are interested: (Amout Rs lakhs)

S No	Party	Nature of Transaction	During the Year	Outstanding at the year end
1	HBL Power Systems Ltd	Expenses	Nil	Nil
2	Remuneration to CEO & Commission	Remuneration Commission	22.80 48.31	1.47 48.31
3	Payments to relatives of a Director Mrs. Rita Sharma Mr. Ashwin Sharma	Remuneration Remuneration Ex-gratia	16.72 29.50 10.00	- 2.29 6.88

(i) Income and Expenditure exceeding one per cent of the revenue from operations:

(i) Income: Interest Received on FDR's during the year Rs.67.10 lakhs (Previous Year Rs.50.26 lakhs)

(ii) Expenditure (Other than materials, components and salaries and benefits):

Rs. In Lakhs			
S No	Nature of Expenses	2018-19	2017-18
1	Travelling Expenses		
	- Domestic	3.48	3.85
	- Foreign	22.37	8.14
2	Technical Consultancy	43.00	54.00

(k) Previous year's figures have been regrouped wherever necessary in accordance with Ind AS presentation requirement.

For K. Raghunath & Co
Chartered Accountants
FR No.03341S



K. Raghunath
Proprietor
M No.022637

Place: Hyderabad
Date: June 4, 2019

For and on behalf of the Board of Directors of
Naval Systems and Technologies Pvt Ltd

Cmde Arvind Sharma (Retd)
Director/CEO
DIN No. 01483101

Place: Hyderabad
Date: June 4, 2019

M S S Srinath
Director
DIN No. 00319175

