

MIL INDUSTRIES AND AEROSPACE LIMITED

AUDITED FINANCIAL STATEMENTS 2020

MIL INDUSTRIES AND AEROSPACE LIMITED

Independent Auditors' Report

To the Members of MIL Industries and Aerospace Limited

Report on the standalone Financial Statements

Opinion

We have audited the standalone financial statements of MIL Industries and Aerospace Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the statement of Profit and Loss, Statement of changes in Equity and the Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as "standalone financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and its Loss, cash flows and changes in Equity. for the year ended on that date.

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

MIL INDUSTRIES AND AEROSPACE LIMITED

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain and audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and 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 that bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 purpose of our audit;

MIL INDUSTRIES AND AEROSPACE LIMITED

- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- d. In our opinion, the aforesaid (Standalone) financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of written representations received from the directors as on March 31, 2019 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.
 - 1. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”.
 - 2. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a. There are no pending litigations.
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

ICAI UDIN No.20020899AAAAGW9145

Chennai
Dated: 29th July 2020

MIL INDUSTRIES AND AEROSPACE LIMITED

Annexure A to the Independent Auditors' Report

To the Members of MIL Industries and Aerospace Limited

- i) The Company does not have any fixed assets.
- ii) The Company does not have any inventories.
- iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv) The Company has not made any investments requiring compliance with the provisions of sections 185 and 186 of the Companies Act, 2013.
- v) The Company has not accepted deposits from the public.
- vi) The Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013.
- vii) (a) According to the information and explanations given to us, the Company is regular in depositing statutory dues including provident fund, employees' state insurance, income tax, sales tax, VAT, GST, duty of customs, duty of excise and any other statutory dues with the appropriate authorities and there are no arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there are no dues on account of income tax, sales tax, service tax, value added tax, GST, duty of customs and duty of excise which have not been deposited on account of any dispute.
- viii) The Company does not have any borrowings.
- ix) The Company has not raised any funds during the year by way of initial public offer.
- x) According to the information and explanations given to us, no frauds by the company or any fraud on the company by its officers or employees have been noticed or reported during the year.
- xi) The Company has not paid any managerial remuneration to its Directors during the year.
- xii) The Company is not a Nidhi Company.
- xiii) There are no transactions with related parties during the year.
- xiv) According to the records of the Company, the Company has not made any preferential allotment or private placement of its shares or fully or partly convertible debentures during the year under review.
- xv) The Company has not entered into non-cash transactions with its Directors or persons connected with its Directors.
- xvi) The Company is not required to be registered under section 451A of the Reserve Bank of India Act, 1934.

ICAI UDIN No.20020899AAAAGW9145

Chennai
Dated: 29th July 2020

MIL INDUSTRIES AND AEROSPACE LIMITED

“Annexure B” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of MIL Industries and Aerospace Limited

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 **MIL Industries and Aerospace Limited** (“the Company”) as of 31st March 2020 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 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India. 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.

Auditor’s 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 system 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 procedure selected depends on the auditor’s judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and

MIL INDUSTRIES AND AEROSPACE LIMITED

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 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 March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

ICAI UDIN No.20020899AAAAGW9145

Chennai
Dated: 29th July 2020

MIL INDUSTRIES AND AEROSPACE LIMITED

BALANCE SHEET AS AT 31ST MARCH 2020

Rs.

	Note No.	31-03-2020	31-03-2019
ASSETS			
NON CURRENT ASSETS			
I) Other Non Current Assets			
Preliminary Expenses - to the extent not written off or adjusted		305,411	305,411
CURRENT ASSETS			
I) Cash and Cash Equivalents			
Cash on hand		8,449	8,449
Bank Balances with Scheduled Banks			
In Current Account		1,636,918	1,696,934
Total Current Assets		1,645,367	1,705,383
Total Assets		1,950,778	2,010,794
EQUITY AND LIABILITIES			
Equity			
I) Share Capital	2	2,000,000	2,000,000
II) Reserves and Surplus	3	(59,222)	(12,806)
Total Equity		1,940,778	1,987,194
LIABILITIES			
Current Liabilities			
Sundry Creditors			
Dues to MSME		-	-
Dues to Others		10,000	23,600
Total Current Liabilities		10,000	23,600
Total Equity and Liabilities		19,50,778	2,010,794

Vide our Report of even date attached

For S.N.S. Associates
Chartered Accountants
Firm Regn. No. 006297S

S.NAGARAJAN
Partner
Membership No. 020899

Place : Chennai
Dated: 29th July 2020

RAJIV SREEDHAR
Director

SAROJA RAMAN
Director

Dr. T. Venkatesan
Director

MIL INDUSTRIES AND AEROSPACE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

Rs.

	31-03-2020	31-03-2019
INCOME		
Income from operations	-	-
	<u>-</u>	<u>-</u>
EXPENDITURE		
Rates and Taxes	-	17,070
Bank charges	1,006	-
Professional Fees	-	13,800
Communication Expenses	-	5,546
Auditors' Remuneration - For Audit	11,800	10,000
	<u>12,806</u>	<u>46,416</u>
LOSS for the Year	(12,806)	(46,416)
Less: Taxation		
Current tax	-	-
Deferred Tax	-	-
	<u>(12,806)</u>	<u>(46,416)</u>
Earnings per Share (Basic and diluted)	(0.06)	(0.23)

Vide our Report of even date attached

For S.N.S. Associates

Chartered Accountants
Firm Regn. No. 006297S

S.NAGARAJAN

Partner
Membership No. 020899

Place : Chennai
Dated: 29th July 2020

RAJIV SREEDHAR

Director

SAROJA RAMAN

Director

Dr. T. Venkatesan

Director

MIL INDUSTRIES AND AEROSPACE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

Rs.

	31-03-2020	31-03-2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year before tax	(46,416)	(12,806)
Adjustment for changes in		
Current liabilities	(13,600)	23,600
Other non current assets	-	(305,411)
Cash generated from Operations	(A) (60,016)	(294,617)
B. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	2,000,000
Cash generated from Financing Activities	-	2,000,000
Net Increase in Cash and Cash Equivalents	(60,016)	1,705,383
Opening Cash and Cash Equivalents	1,705,383	-
Closing Cash and Cash Equivalents	1,645,367	1,705,383

Vide our Report of even date attached

For S.N.S. Associates
Chartered Accountants
Firm Regn. No. 006297S

S.NAGARAJAN
Partner
Membership No. 020899

Place : Chennai
Dated: 29th July 2020

RAJIV SREEDHAR
Director

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Director

Dr. T. Venkatesan
Director

MIL INDUSTRIES AND AEROSPACE LIMITED

STATEMENT OF CHANGES IN EQUITY

Rs.

	31-03-2020	31-03-2019
A. EQUITY SHARE CAPITAL		
Balance at the beginning of the year	2,000,000	
Changes in Equity Share Capital during the year		
Shares allotted during the year	-	2,000,000
Balance at the end of the Year	<u>2,000,000</u>	<u>2,000,000</u>
B. OTHER EQUITY		
Retained Earnings		
Balance as on 1-4-2018	-	
Loss for the year 31-3-2019	<u>(12,806)</u>	
Balance as at 31-3-2019	<u>(12,806)</u>	
Loss for the year 31-3-2020	<u>(46,416)</u>	
Balance as at 31-3-2020	<u>(59,222)</u>	

Vide our Report of even date attached

For S.N.S. Associates
Chartered Accountants
Firm Regn. No. 006297S

S.NAGARAJAN
Partner
Membership No. 020899

Place : Chennai
Dated: 29th July 2020

RAJIV SREEDHAR
Director

SAROJA RAMAN
Director

Dr. T. Venkatesan
Director

MIL INDUSTRIES AND AEROSPACE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Rs.

31-03-2020 31-03-2019

Notes: 1

i. Basis of preparation of Financial Information

The accompanying Financial Statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the provisions of the Companies Act, 2013. The financial statements for the year ended 31st March 2019 were prepared under the Accounting Standards Rules 2006 (Indian GAAP). Since the Company became a wholly owned subsidiary of MIL Industries Limited, to which the provisions of Ind AS are applicable, the financial statements for the year ended 31st March 2020 have been prepared under Ind AS with the transition date being 17th April 2018, being the date of incorporation of the Company.

ii. First time adoption of Ind AS

The Company has restated the financial statements as of 17th April 2018 being the transition date on the following basis:

- a) The value of all the assets, which consist of Cash and Cash Equivalents and the preliminary expenses incurred have been adopted at historical cost.

Exemptions availed under Ind AS 101

Since the assets and liabilities as on the transition date consisted only of Cash and Cash Equivalents and current liabilities and Share Capital, the Company has not availed any of the exemptions specified in Ind AS 101.

iii. Significant Accounting Policies

a) Use of Estimates

In the preparation of the financial statements, in conformity with the Indian Accounting Standards (Ind AS), requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the result of operations during the accounting period. Although these estimates are based on the management's best knowledge of current events and actions, the actual results could differ from these estimates.

b) Revenue Recognition

Revenue is recognised on accrual basis. Expenditure is also accounted for on accrual basis.

c) Other Policies

Since the Company does not have any Property Plant and Equipment and other assets and any employees, the accounting policies relating to these assets and activities would be determined at the relevant time and hence not disclosed in these financial statements.

MIL INDUSTRIES AND AEROSPACE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Rs.

31-03-2020 31-03-2019

2 Share Capital

Authorised

20,00,000 Equity Shares of Rs.10/- each 20,000,000 20,000,000

Issued, Subscribed and Paid up

2,00,000 Equity Shares of Rs.10/- each fully paid up 2,000,000 2,000,000

- a) Reconciliation of number of Shares outstanding at the beginning and the end of the year

Number of Shares at the beginning of the year 200,000 -

Number of Shares issued during the year - 200,000

Number of Shares outstanding at the end of the year 200,000 200,000

- b) Shares held by the Holding Company - MIL Industries Limited 200,000 -

- c) Shareholding more than 5% of the issued shares

MIL Industries Limited 200,000 -

Rajiv Sreedhar - 95,000

Ramila Sreedhar - 100,000

- d) The Company has only one class of Shares, viz., Equity Shares and each Rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of Rs.10/- per share. All the Shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting.

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 all preferential amounts. The distribution will be in proportion to the number of equity shares held by the Shareholders

3 Reserves and Surplus

Debit balance in Profit and Loss Account earlier year

As at the beginning of the year (12,806) -

Loss for the year (46,416) (12,806)

(56,222) (12,806)

4 Reconciliation of Loss before tax for the year 31-3-2019 as per Indian GAAP and Ind AS

Loss before tax as per Indian GAAP -12,806

Adjustments required under Ind AS adoption -

Loss as per Ind AS -12,806

5 Disclosure of Risk Management and other disclosures required under Ind AS

Since the activities of the Company are in the process of being set up, the disclosures required under various Ind AS as applicable will be disclosed as when the activities commence in a regular way.

MIL INDUSTRIES AND AEROSPACE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Rs.

31-03-2020 31-03-2019

6 Provision for tax and Deferred tax

In view of the loss, no provision for taxation is considered necessary. The Deferred tax asset in respect of the Loss has not been considered on prudence.

7 Demerger of the PTFE Division of MIL Industries Limited, the Holding Company

At the meeting held on 2nd December 2019 the Board of Directors of the Company have approved a Scheme of Demerger between the Company and the Holding Company and their respective Shareholders, for the demerger of the PTFE business from the Holding Company to the Company. After receipt of No objection from the Stock Exchange, an application has been filed before the Hon'ble National Company Law Tribunal (NCLT) at Chennai as per the provisions of sections 230 to 232 of the Companies Act, 2013. Pending sanction of the Hon'ble NCLT, no effect has been given to the Scheme.

8 Since the operations have not yet started, there is no impact on the financial statements on account of COVID 19 Pandemic.

9 The Other requirements of Schedule III of the Companies Act, 2013 and the requirements of Ind AS, other than those disclosed are not applicable to the Company.

10 Earnings per Share

Loss after tax	(46,416)	(12,806)
Number of Equity Shares of face value of Rs.10/- each	200,000	200,000
Earnings Per Share	(0.23)	(0.06)

Vide our Report of even date attached

For S.N.S. Associates

Chartered Accountants
Firm Regn. No. 006297S

S.NAGARAJAN

Partner
Membership No. 020899

Place : Chennai

Dated: 29th July 2020

RAJIV SREEDHAR

Director

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Director