



SAGAR GOLCHHA & Co.

CHARTERED ACCOUNTANTS

Office :- 33 OSTWAL NAGAR, SUNDERWAS, UDAIPUR-313001

Ph :- 0294-2494475, 09829401815, e-mail casagarit@yahoo.in

UDIN :- 20076797AAAABU7737

INDEPENDENT AUDITOR'S REPORT

To the Members of Mewar Hi-Tech Engineering Limited, Udaipur

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **Mewar Hi-Tech Engineering Limited, Reg. Off: -- 1- Hawa Magri, Industrial Area, Sukher, Udaipur** ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit & Loss (including other comprehensive income) and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit/loss and its cash flows for the year ended on that date. [Subject to comments in Note-1 & 2 of Accounting Policy & Note on Account]

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



The following has been considered as Key Audit Matters:-

- ❖ The company has borrowed loan from Dewan Housing Financial Corporation Ltd. against hypothecation of house of Director Shri C.S. Rathore and Smt Reena Rathore and the same has been considered under the head unsecured in the Balance Sheet. In our opinion, being a borrower said loan should be considered as secured.
- ❖ On the basis of books of account it is observed that the company has irregular in deposits statutory dues viz GST, TDS, I.Tax. In our opinion persuasive steps required to avoid the interest/late fee/penalty and prolonged litigation.
- ❖ Demand for the financial year 2014-15 of Rs 1902177 vide order dtd 03.02.2017, financial year 2015-16 of Rs. 2184320 vide order dated 22.03.2018, financial year 2016-17 of Rs. 2476053 vide order dated 07.01.2019 and for the financial year 2017-18 of Rs. 753418 vide order dated 18.10.2019 has been raised by the commercial taxes department under Rajasthan VAT Act. The company has not been made any provision for denoted liability in their books of account. It is explained that such demand was raised on account of non submission of declaration Forms / mismatch of tax availed, also explained that the company is seeking to collect pending Forms aggressively.
- ❖ A net sum of Rs 13457444/- pertaining to the bad debts has been written off in the Current Financial Year by the Company in respect of supply of goods and advance to suppliers. In the absence of full details and approvals, we have accepted the management representation regarding the quantum of write off and provision in respect of sundry debtors as adequate.
- ❖ The BPO / Call centre operations has been slow down since third quarter of financial year 2019-20, whereas huge investment had been incurred in this regard in the previous year. In our opinion the new sector must be opened only after intensive study.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred 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 provisions 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 adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation



Contd.....Independent Auditor's Report
of Mewar Hi-Tech Engineering Limited, Udaipur As At 31.03.2020

and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

That Board of Directors is also responsible for overseeing the company's financial reporting process.

Auditors' Responsibility

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

Other Matter

We did not audit/obtained the financial statements/ information of three branches (Aasam, Belgaon and Jhansi) as at 31st March 2020 and the total figures incorporated in the books of account for the year ended on that date, the disclosures included in respect of branches, is based solely on the information provided management in the books of account.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. 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 Act, we give in the "Annexure B" a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:-
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, and the Statement of Profit and Loss and the cash flow statement dealt with by this Report are in agreement with the books of account.



Contd.....Independent Auditor's Report
of Mewar Hi-Tech Engineering Limited, Udaipur As At 31.03.2020

- (d) In our opinion, the aforesaid 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 the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 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 over financial reporting of the company and the operating effectiveness of such control, refer to our separate Report in "Annexure A". Our report expresses an opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:-
- i. The Company does not have any pending litigation on its financial position in its financial statement.
 - 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 required to be transferred by the Company to the Investor Education and Protection Fund.

Place: Udaipur
Dated: July 28, 2020

For: SAGAR GOLCHHA & CO.
Chartered Accountants
Firm Regn No.- 007755C




[CA. Sagar Golchha]
M.No.- 076797
Proprietor

The Annexure - A referred to in our Independent Auditors' Report to the members of the Mewar Hi-Tech Engineering Limited, Udaipur on the financial statements for the year ended 31 March 2020, we report that:

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 Mewar Hi-Tech Engineering Limited ("the Company") as of 31 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 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.



Contd.....The Annexure - A referred to in our Independent Auditors' Report to the members of the Mewar Hi-Tech Engineering Limited, , Udaipur on the financial statements for the year ended 31 March 2020, we report that:

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the 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 31 March 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. [Subject to comments in Note-1 & 2 of Accounting Policy & Note on Account]

Place: Udaipur
Dated: July 28, 2020

For: SAGAR GOLCHHA & CO.
Chartered Accountants
Firm Regn No.- 007755C



Sagar Golchha
[CA. Sagar Golchha]
M.No.- 076797
Proprietor

The Annexure - B referred to in our Independent Auditors' Report to the members of the Mewar Hi-Tech Engineering Limited on the financial statements for the year ended 31 March 2020, we report that:

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2020, we report that:

1. In respect of fixed assets:

- a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. As explained us, the fixed assets have been physically verified by the management according to a phase programmed, which in our opinion is reasonable having regard to the size of the company and nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c. According to the information and explanations given to us, the title deeds of immovable properties are held in the name of the company, and the same have been disclosed as fixed assets in the financial statement. Details are as under:-

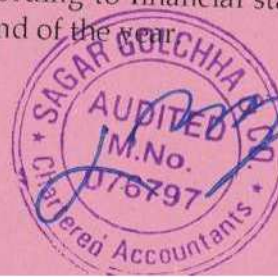
Particulars of assets	Date of Purchases	Description	Mortgage / Pledged	Book Value As On 31.03.2020 (Rs.)
Factory Land	26.06.2008	Araji No.1863/414 Area 0.21 Hectare	With Corporation Bank	11318796/-
Factory Land	18.06.2010	Araji No.1862/414 Area 3 Bigha's	With Corporation Bank	

2. In respect of Inventories:-

As explained to us, the inventories (excluding third parties) were physically verified during the year by the management at reasonable intervals and according to the information and explanations given to us, no material discrepancies were noticed on physical verification.

However, in our observation, it is found that the company needs significant method to maintain inventory records. The persuasive inventory record must be maintained on account of proper verification and safeguard of the company. In our opinion the maintained records is insufficient hence we have not verified. The management has valued / verified inventory taken in the Balance Sheet.

It is observed that no record have been produced for our verification of service work in progress, hence not verified. According to financial statement there is no service (repairing / job) in WIP at the end of the year.



Contd.....The Annexure - B referred to in our Independent Auditors' Report to the members of the Mewar Hi-Tech Engineering Limited on the financial statements for the year ended 31 March 2020, we report that:

3. 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 except interest bearing advance/loan of Rs 15795763/- given to M/s Rathore Infra during the year.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
5. According to the information and explanations given to us and record of the company examined by us, the Company has not accepted any deposits from the public during the year. The company has complied with the provision of sec. 73 to 76 or any other relevant provisions of the Companies Act, 2013.
6. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
7. a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including GST, Income Tax, TDS and other material statutory dues have been noticed irregular to deposits during the year by the Company with the appropriate authorities.

According to information and explanations given to us, the following statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

S.No.	Nature of dues	Amount outstanding as on 31.03.2020 (Rs.)	Amount Pending more than six months (Rs.)	Related period	Remarks
1	TDS	1060482	--	FY 19-20	
2	TCS	91432	--	FY 19-20	
3	ESI Payable	102571	--	FY 19-20	
4	PF Payable	392929	--	FY 19-20	
5	GST (Net)	3302346	--	FY 19-20	
6	VAT	64399	64399	FY 17-18	
7	GST-Belgaon Branch	18027	18027	FY 17-18	
8	FBT Payable	59024	59024	Old Law	
8	Income Tax For A.Y. 2021-22 [Provision made in books]	2000000	1000000		Considered for two quarter June 19 and Sept 19



Contd.....The Annexure - B referred to in our Independent Auditors' Report to the members of the Mewar Hi-Tech Engineering Limited on the financial statements for the year ended 31 March 2020, we report that:

b. According to the information and explanations given to us, details of dues is payable which has been quantified by the any Govt. Authority.

Name of the statute	Nature of dues	Amount Payable (in Rs)	Period to which the amount relates (F.Y.)	Forum where dispute is pending /Remarks
Income Tax	Tax and interest	325000	2013-14 Penalty	CIT-appeal, Udaipur
Income Tax	Tax and interest	690000	2014-15 Penalty	CIT-appeal, Udaipur
Income Tax	Tax and interest	944210	2017-18 Regular	CIT-appeal, Udaipur
VAT /CST	Declaration Forms and others	1902177	2014-15	Related to non submission of forms
VAT /CST	Declaration Forms and others	2184320	2015-16	Related to non submission of forms
VAT /CST	Declaration Forms and others	2476053	2016-17	Related to non submission of forms
VAT/CST	Declaration Forms and others	753418	2017-18	Related to non submission of forms

8. According to the records of the company examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to financial institutions or Bank.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause (ix) of the Order is not applicable.
10. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, notice or reported during the year, nor we have been informed of such case by the management.
11. Managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, clause (xii) of the Order is not applicable.




Contd.....The Annexure - B referred to in our Independent Auditors' Report to the members of the Mewar Hi-Tech Engineering Limited on the financial statements for the year ended 31 March 2020, we report that:

13. All transactions with the related parties are in compliance with Section 188 and 177 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc. as required by the accounting standards and Companies Act, 2013.
14. The company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, clause (xiv) of the Order is not applicable.
15. The company has entered into non-cash transactions with directors or persons connected with him.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place: Udaipur
Dated: July 28, 2020

For: SAGAR GOLCHHA & CO.
Chartered Accountants
Firm Regn No.- 007755C




[CA. Sagar Golchha]
M.No.- 076797
Proprietor

MEWAR HITECH ENGINEERING LIMITED
01- HAWA MAGRI, INDUSTRIAL AREA, SUKHER, UDAIPUR
CIN L29299RJ2006PLC022625

BALANCE SHEET AS AT MARCH 31, 2020

PARTICULARS	NOTE	F.Y. 2019-20 (Rs.)	F.Y. 2018-19 (Rs.)
<u>EQUITY & LIABILITIES:</u>			
(1) SHARE HOLDERS FUNDS			
(a) Share Capital	2.01	3,90,36,000	3,90,36,000
(b) Reserves & Surplus	2.02	7,38,75,012	6,96,71,439
(2) SHARE APPLICATION MONEY			
	2.03	0	0
(3) NON CURRENT LIABILITIES			
(a) Long Term Borrowings	2.04	10,14,23,191	10,49,40,365
(b) Deferred Tax Liabilities (Net)		0	7,87,832
(4) CURRENT LIABILITIES			
(a) Short Term Borrowings	2.05	11,99,93,193	9,43,63,742
(b) Trade Payables	2.06	14,93,15,117	14,82,70,251
(c) Other Short Term Liabilities	2.07	94,52,788	28,03,425
(d) Short Term Provisions	2.08	1,47,31,720	1,93,18,081
TOTAL		50,78,27,020	47,91,91,135
<u>ASSETS:</u>			
(1) NON CURRENT ASSETS:			
(a) FIXED ASSETS			
Tangible Assets	2.09	7,02,93,018	7,69,68,047
(b) Non Current Investments	2.10	11,29,245	16,88,712
(c) Long Term Loans & Advances	2.11	2,02,48,786	37,72,630
(2) CURRENT ASSETS			
(a) Inventories	2.12	26,82,15,109	25,29,20,910
(b) Trade Receivables	2.13	10,81,25,964	10,39,31,714
(c) Cash & Cash Equivalents	2.14	21,93,390	26,32,642
(d) Short Term Loans & Advances	2.15	1,71,43,095	1,29,77,641
(3) MISC EXPENDITURE			
	2.16	2,04,78,413	2,42,98,839
TOTAL		50,78,27,020	47,91,91,135
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 & 2		

In terms of our audit report on even date.


For: M/s SAGAR GOLCHHA & Co.
 CHARTERED ACCOUNTANTS
 FIRM REG. NO. - 007755C

FOR : MEWAR HITECH ENGINEERING LTD.


 [CA Sagar Golchha]
 Proprietor
 [M.N.076797]
 Date 28.07.2020




 [C.S. Rathore]
 DIN - 01748904
 (Director)


 [Reena Rathore]
 DIN - 01748907
 (Director)


MEWAR HITECH ENGINEERING LIMITED
01- HAWA MAGRI, INDUSTRIAL AREA, SUKHER, UDAIPUR

PARTICULARS	NOTE	F.Y. 2019-20 (Rs.)	F.Y. 2018-19 (Rs.)
I. INCOME			
(a) Revenue From Operations	2.17	52,74,29,496	60,24,69,947
(b) Other Income	2.18	49,79,406	16,43,379
Total Revenue (a&b)		TOTAL 53,24,08,902	60,41,13,326
II. EXPENDITURE			
(a) Raw Material Consumed	2.19	38,80,50,347	44,18,76,725
(b) Changes In Inventories	2.20	51,30,669	3,65,69,295
(c) Manufacturing & Direct Expenses	2.21	3,68,47,433	3,78,07,145
(d) Employee Benefit Expenses	2.22	1,64,22,933	1,73,54,563
(e) Finance Cost	2.23	2,88,90,518	2,08,13,987
(f) Depreciation	2.09	1,01,85,069	1,27,19,592
(g) Other Expenses	2.24	4,05,69,561	3,24,09,691
Total Expenses (a to g)		TOTAL 52,60,96,531	59,95,50,997
III. PROFIT BEFORE TAX	(I-II)	63,12,371	45,62,329
IV TAX EXPENSES			
(a) Income Tax Current Year Provision		20,00,000	15,00,000
(b) Income Tax Related to Earlier Year		8,96,630	23,90,687
V PROFIT FOR THE YEAR	(III-IV)	34,15,741	6,71,642
VI EARNING PER EQUITY SHARE Basic & Diluted		0.88	0.17
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 & 2		

In terms of our audit report on even date.

For: M/s SAGAR GOLCHHA & Co.
CHARTERED ACCOUNTANTS
FIRM REG. NO. - 007755C

FOR : MEWAR HITECH ENGINEERING LTD.


[CA Sagar Golchha]
Proprietor
[M.N.076797]
Date 28.07.2020




[C.S. Rathore]
DIN - 01748904
(Director)


[Reena Rathore]
DIN - 01748907
(Director)