SGS Tekniks Manufacturing Private Limited
Consolidated Statutory Audit for the year ended 31 March 2019

B S R & Co. LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of SGS Tekniks Manufacturing Private Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of SGS Tekniks Manufacturing Private Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss , and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 consolidated state of affairs of the Group as at 31 March 2019, of its consolidated profit and its consolidated cash flows 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 Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's Board Report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Board Report is not made available to us as at the date of this auditor's report. We have nothing to report in this regard.

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

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each Company.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls based on our audit.

- 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 in preparing consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 consolidated 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 Group (company and subsidiaries) to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

  We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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

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

Other Matters

(a) We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of Rs. 132,381,520 as at 31 March 2019, total revenues of Rs. 67,511,646 and net cash inflows amounting to Rs. 3,337,261 for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

    One of these subsidiaries is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the reports of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. (A) As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". SGS Infosystems Private Limited, a subsidiary company has been exempted from the requirement of its auditor reporting on whether the subsidiary company has adequate internal financial controls with respect to its financial statements and the operating effectiveness of such controls (clause (i) of section 143 (3)).

   (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group. Refer Note 29 to the consolidated financial statements.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2019.

iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended 31 March 2019.

iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Audit Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the Company and its subsidiary incorporated in India are private limited companies and accordingly the requirement stipulated by the provisions of Section 197(16) of the Act are not applicable to the Company and its subsidiary incorporated in India.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Vikram Advani
Partner
Membership No.: 091765
ICAI UDIN : 19091765AAAAC06856

Place: Gurugram
Date: 20 September 2019

Annexure A to the Independent Auditors' report on the consolidated financial statements of SGS Tekniks Manufacturing Private Limited for the period ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of SGS Tekniks Manufacturing Private Limited (hereinafter referred to as "the Holding Company") which is a company incorporated in India under the Companies Act, 2013 as of that date.

In our opinion, the Holding Company has, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by the Holding Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company is responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note. 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 the Holding 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 with Reference to consolidated Financial Statements

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

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Vikram Advani
Partner
Membership No.: 091765
ICAI UDIN : 19091765AAAACO6856

Place: Gurugram
Date: 20 September 2019

SGS Tekniks Manufacturing Private Limited
Consolidated Balance sheet as at 31 March 2019
(All amounts are in Indian rupees, unless otherwise stated)

	Note	As at 31 March 2019	As at 31 March 2018
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	17,127,850	17,127,850
Reserves and surplus	4	2,711,189,779	2,426,882,080
		2,728,317,629	**2,444,009,930**
Minority interest		1,157,739	1,097,555
Non-current liabilities			
Long-term borrowings	5	36,129,163	53,082,042
Deferred tax liabilities (net)	6	67,248,524	57,850,622
Other long-term liabilities	7	2,806,804	2,052,875
Long-term provisions	8	16,276,481	8,619,766
		122,460,972	**121,605,305**
Current liabilities			
Short-term borrowings	9	479,419,625	347,753,051
Trade payables	10		
-Total outstanding dues to micro enterprises and small enterprises		35,878,271	-
-Total outstanding dues to creditors other than micro enterprises and small enterprises		593,303,744	715,265,935
Other current liabilities	11	123,266,237	172,765,298
Short-term provisions	8	12,772,159	9,647,517
		1,244,640,036	**1,245,431,801**
TOTAL		**4,096,576,377**	**3,812,144,591**
ASSETS			
Non-current assets			
Property, plant and equipment	12		
Tangible assets	12(a)	827,385,125	705,707,416
Intangible assets	12(b)	5,649,619	2,336,836
Goodwill	42	1,059,292,436	1,059,292,436
Non-current investments	13	7,248,709	4,945,000
Long-term loans and advances	14	51,798,246	48,312,524
Other non-current assets	15	56,750,179	2,530,275
		2,008,124,314	**1,823,124,487**
Current assets			
Current investments	16	243,235,109	206,747,589
Inventories	17	787,837,983	728,376,617
Trade receivables	18	856,975,075	722,923,778
Cash and bank balances	19	62,166,819	140,698,640
Short-term loans and advances	14	137,461,413	180,966,564
Other current assets	20	775,664	9,306,916
		2,088,452,063	**1,989,020,104**
TOTAL		**4,096,576,377**	**3,812,144,591**

Significant Accounting Policies 2
The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration no.: 101248W/W-100022

Vikram Advani
Partner
Membership No.: 091765
ICAI UDIN : 19091765AAAACO6856

Place: Gurugram
Date: 20 September 2019

For and on behalf of the Board of Directors of
SGS Tekniks Manufacturing Private Limited

J S Gujral
Managing Director
DIN: 00198825

Place: Gurugram
Date: 20 September 2019

Sanjiv Narayan
Chairman
DIN: 00198864

Place: Gurugram
Date: 20 September 2019

SGS Tekniks Manufacturing Private Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2019
(All amounts are in Indian Rupees, unless otherwise stated)

	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations	21		
Sale of products (gross)		4,114,127,421	3,234,671,470
Less: Excise duty		-	41,464,707
Sale of products (net)		**4,114,127,421**	**3,193,206,763**
Sale of services		-	6,966,179
Other operating revenues		170,050,377	93,344,029
Total		**4,284,177,798**	**3,293,516,971**
Other income	22	77,979,790	50,771,679
Total revenue		4,362,157,588	3,344,288,650
Expenses			
Cost of materials consumed	23	3,134,563,618	2,446,977,979
Changes in inventories of finished goods, work- in- progress	24	58,505,613	(30,464,144)
Employee benefits	25	384,051,773	341,420,835
Finance costs	26	51,068,610	48,559,103
Depreciation and amortisation	27	68,152,619	58,106,817
Other expenses	28	244,597,982	200,836,940
Total expenses		**3,940,940,215**	**3,065,437,530**
Profit before exceptional items and tax		**421,217,373**	**278,851,120**
Exceptional items	43	-	-
Profit before tax		**421,217,373**	**278,851,120**
Tax expense			
Current tax		118,737,683	79,338,855
Previous year		(5,622,635)	-
Deferred tax		9,397,901	24,884,100
Mat credit entitlement		-	6,910,120
Profit for the year before adjustment of minority interest		**298,704,424**	**167,718,045**
Less/Add : Profit/(loss) transferred to minority interest		60,185	108,951
Profit for the year after adjustment of minority interest		**298,644,239**	**167,609,094**
Earning per equity share [nominal value per share Rs 10 (previous year: Rs 10)]			
Basic and diluted	33	184.65	103.48

Significant accounting policies 2
The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration no : 101248W/W-100022

Vikram Advani
Partner
Membership No : 091765
ICAI UDIN : 19091765AAAACO6856

Place: Gurugram
Date:

For and on behalf of the Board of Directors of
SGS Tekniks Manufacturing Private Limited

J.S. Gujral
Managing Director
DIN: 00198825

Place: Gurugram
Date:

Sanjiv Narayan
Chairman
DIN: 00198864

Place: Gurugram
Date:

SGS Tekniks Manufacturing Private Limited
Consolidated Cash Flow Statement for the year ended 31 March 2019
(All amounts are in Indian rupees, unless otherwise stated)

	For the year ended 31 March 2019	For the year ended 31 March 2018
A. Cash flow from operating activities		
Profit before tax	421,217,373	278,851,120
Adjustments		
Depreciation and amortisation	68,152,619	58,106,817
Interest income	(5,513,046)	(7,431,019)
Finance costs	51,068,610	48,559,103
Dividend income	(2,717,354)	(3,063,086)
Unrealised foreign exchange differences	14,039,505	12,474,562
Net gain on account of sale of investment	(2,802,513)	(16,401,133)
Loss/(profit) on sale of fixed assests	(55,672,059)	197,724
Adjustment on account of consolidation	-	1,850,028
(Appriciation)/Diminution in value of investmen	111,486	611,791
Investment written off	4,280,282	-
Bad debts /balance written off	4,777,818	761,734
Operating cash flow before working capital changes	496,942,721	374,517,641
Changes in working capital:		
(Increase)/ decrease in trade receivables	(151,743,313)	(285,258,739)
(Increase)/ decrease in inventories	(59,461,367)	(214,925,476)
(Increase)/ decrease in long-term loans and advances	(16,325,963)	(31,250,223)
(Increase)/ decrease in short-term loans and advances	35,450,984	(23,251,954)
Decrease in other non-current assets	-	6,910,120
(Increase)/ decrease in other current assets	964,590	8,775,070
Increase/ (decrease) in trade payables	(80,366,887)	303,674,409
Increase/ (decrease) in long-term provisions	17,054,616	22,825,812
Increase/ (decrease) in short-term provisions	3,242,065	5,008,876
Increase/ (decrease) in other current liabilities	(24,786,614)	40,333,570
Increase/ (decrease) in other long-term liabilities	753,929	1,124,834
Cash generated from / (used in) operations	221,724,762	208,483,940
Income taxes (paid)	(109,672,708)	(71,782,248)
Net cash provided by operating activities (A)	112,052,054	136,701,692
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(171,851,229)	(118,857,530)
Proceeds from sale of fixed assets	55,672,613	274,926
Proceeds from sale of non-current investments	(2,303,709)	-
Proceeds from sale of current investments	45,782,161	51,022,574
Purchase of current investments	(83,858,936)	(76,306,952)
Fixed deposits matured (due to mature within 12 months of the reporting date	114,362,052	(51,188,858)
Fixed deposits made (due to mature after 12 months of the reporting date)	(113,097,224)	(2,530,275)
Interest received	5,053,943	7,710,354
Dividend received	2,717,354	3,063,086
Net cash used in investing activities (B)	(147,522,973)	(186,812,675)
C. Cash flow from financing activities		
Proceeds from long-term borrowings	-	47,000,000
Repayment of long-term borrowings	(51,036,310)	(56,529,156)
Proceeds from short-term borrowings	370,094,606	201,057,547
Repayment of short-term borrowings	(240,594,561)	(102,497,403)
Interest paid	(51,585,941)	(48,551,427)
Dividend paid	(14,453,964)	(12,424,850)
Net cash provided/ (used) by financing activities (C)	12,423,831	28,054,711
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(23,047,089)	(22,056,272)
Cash and cash equivalents at the beginning of the period	82,403,874	104,460,146
Cash and cash equivalents at the end of the year	59,356,785	82,403,874
Cash and cash equivalents at the end of the year (refer note 19):		
- Cash on hand	437,745	311,559
- Balances with banks		
- on current accounts	58,919,040	82,092,315
	59,356,785	82,403,874

Notes:

1) The Cash Flow Statement has been prepared in accordance with the 'Indirect Method' specified in Accounting Standard 3, Cash Flow Statement, as per Accounting Standards specified under Section 133 of the Companies Act, 2013.

2) Figures in brackets indicate cash outflow.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration no.: 101248W/W-100022

Vikram Advani
Partner
Membership No.: 091765
ICAI UDIN : 19091765AAAACO6856

Place: Gurugram
Date:

For and on behalf of the Board of Directors of
SGS Tekniks Manufacturing Private Limited

J.S. Gujral
Managing Director
DIN: 00198825

Place: Gurugram
Date:

Sanjiv Narayan
Chairman
DIN: 00198864

Place: Gurugram
Date:

1. **Background**

SGS Tekniks Manufacturing Private Limited ('the Holding company' or 'the Company') is a private limited company domiciled in India. The Company (formally known as SGS Tekniks Private Limited) was originally incorporated on 27 April 2011 under the Companies Act 1956. The name of this company was changed to SGS Tekniks Manufacturing Private Limited w.e.f. 12 November 2012. The Group is engaged in the business of providing electronic manufacturing services and solutions.

SGS Tekniks is having four manufacturing locations in India along with design and development center at Stuttgart, Germany and Gurgaon, India. The production facilities are located at Gurgaon, Manesar, Baddi and Bangalore.

The Holding Company has investment in two Subsidiaries, SGS Infosystem Private Limited (Operating in India) and SGS Solution GMBH (Operating in Deutschland).

2. **Significant accounting policies**

The accounting policies set out below have been applied consistently to the periods presented in these financials statements.

a) Basis of preparation of financial statements

The consolidated financial statements are prepared on a going concern basis under the historical cost convention on the accrual basis of accounting, in accordance with the Indian Generally Accepted Accounting Principles (GAAP) and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, to the extent applicable, as adopted consistently by the Group. The consolidated financial statements have been prepared under the historical cost convention on an accrual basis and reporting requirements of Accounting Standards ('AS') 21 'Consolidated Financial Statements' as notified by Companies (Accounting Standard) Rules, 2006, (as amended). The accounting principles had been consistently applied by the Group. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

b) Principles of Consolidation

The consolidated financial statements include the financial statements of the Group and its subsidiaries.

Consolidated financial statements include consolidated balance sheet, consolidated statement of profit and loss and consolidated cash flow and notes to the consolidated financial statements that form an integral part thereof.

(i) Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence.

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(ii) Minorities' interest in net profits of consolidated subsidiaries for the period is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Group. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the Holding Company.

(iii) The difference between the cost to the Group of investment in subsidiaries and the proportionate share in the equity of the Investee Company as at the date of acquisition of stake is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be.

(iv) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements.

(v) The particulars of subsidiaries, which is included in consolidation and the Company's holding therein, are as under

Entity	**Country of Incorporation**	**Principal Activity**	**Relationship**	**Period of financial year**	**Shareholding as at March 31, 2019**
SGS Infosystem Private Limited	India	Rental income	Subsidiary	April-March	99.68%
SGS Solutions GMBH	Deutschland	EMS	Subsidiary	April-March	66.00%

The Consolidated Financial Statements include the financial statements of SGS Tekniks Private Limited (herein after referred as 'the Holding Company' or 'the Company') and its Subsidiaries, (collectively herein after referred to as the 'Group').

c) Use of estimates

The preparation of consolidated financial statement in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses, disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on ongoing basis and any revision to accounting estimates is recognised prospectively in current and future periods.
The consolidated financial statements are presented in Indian rupees rounded off to the nearest rupees.

d) Current and non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

(a) it is expected to be realised in, or is intended for sale or consumption, in the group's normal operating cycle;
(b) it is held primarily for the purpose of being traded;
(c) it is expected to be realised within 12 months after the reporting date; or
(d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

(a) it is expected to be settled in the group's normal operating cycle;
(b) it is held primarily for the purpose of being traded;
(c) it is due to be settled within 12 months after the reporting date; or
(d) the group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current liabilities. All other liabilities are classified as non-current.

Operating Cycle

All assets and liabilities have been classified as current or non-current as per Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their

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realisation in cash and cash equivalents, the Group has ascertained its operating cycle upto 12 months for the purpose of current/ non-current classification of assets and liabilities.

e) **Provision, contingent liability and contingent assets**

The Group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.
However, contingent asset are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

f) **Property, plant and equipment and depreciation**

Property, plant and equipment

Property, plant and equipment are carried at cost of acquisition or construction less accumulated depreciation and/ or accumulated impairment, if any. The cost of property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Capital work-in-progress comprises the cost of property, plant and equipment that are not yet ready for their intended use at the balance sheet date.

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is recognised in the Statement of Profit and Loss.

Advance paid towards the acquisition of Tangible fixed assets outstanding at each balance sheet date, are disclosed as capital advances.

Depreciation

Depreciation on property, plant and equipment is provided under the straight-line method over the estimated useful life of the assets, as estimated by the management, at rates which are equal to the

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The estimated economic useful lives of these assets are as follows:

Class of assets	Estimated useful life
Computers	3 years
Office equipments	5 years
Plant and equipments	15 years
Building	30 years
Tools and moulds	15 years
Furniture and fixtures	10 years
Air-conditioning equipment	10 years
Electrical fittings	10 years
Vehicles	8 years

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Non-current assets held for sale are presented on a separate line of the balance sheet when (i) the Group has made a decision to sell the asset(s) concerned and (ii) the sale is considered to be highly probable. These assets are measured at the lower of net carrying amount and fair value less costs to sell.

g) Intangible assets and amortization

Intangible assets comprise software. Intangible assets are carried at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. Intangible assets are carried at cost less accumulated amortization, net of impairment, if any. An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the assets will flow to the Group and its cost can be measured reliably.

Intangible assets having finite useful lives are amortized on a straight line basis over their license period or three years, bring their expected useful economic lives, whichever is lower.

Gain or losses arising from the retirement or disposal of an intangible asset are determined as the differences between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Statement of Profit and Loss.

h) Impairment

The Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flow expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sale price or present value as determined above. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the

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An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss has been recognised.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

i) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be readily measured.

Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyers as per the terms of the contract, there is no continuing managerial involvement with the goods and the amount of revenue can be measured reliably. The Group retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, goods and services tax, etc.

Sale of services

Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed in proportion to the stage of completion of the transaction at the reporting date and the amount of revenue can be measured reliably.

Interest income is recognised using the time proportion method, based on underlying interest rates. Dividend income is recognised when the right to receive payment is established.

Incentives

Incentive comprises of duty credit entitlement and budgetary support under GST Regime.

Income in respect of duty credit entitlement under Merchandise Export Incentive Scheme is recognised as income in the year of export provided there is no significant uncertainty regarding the entitlement and availment of the credit and the amount thereof.

j) Foreign currency transactions

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of the transaction. Realised gains and losses on foreign exchange transactions during the year are recognised in the Statement of Profit and Loss. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. The resultant exchange differences are recognized in the Statement of Profit and Loss.

k) Taxation

Income tax expense comprises current tax (i.e. the amount of tax for the year determined in accordance with the Income-tax law) and deferred tax charge or credit (reflecting the tax effects of temporary timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Income tax expense comprises current tax (i.e. the amount of tax for the year determined in accordance with the Income-tax law) and deferred tax charge or credit (reflecting the tax effects of temporary timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Current tax and deferred tax assets and liabilities are offset to the extent to which the Group has a legally enforceable right to set off and they relate to taxes on income levied by the same governing taxation laws.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Income-tax Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

l) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of assets taken on operating lease are charged to Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit.

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Assets taken on finance lease are initially capitalized at fair value of the assets or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

m) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends, if any, and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

n) Retirements benefits

Short-term employee benefits
All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the Statement of Profit and Loss in the year in which the employee renders the related service.

Post employment benefits
Defined contribution plan
A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Group makes specified monthly contributions towards Provident Fund and Employee's State Insurance which is a defined contribution plans. The Group's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plans
Gratuity is a defined benefit plan. The liability in respect of defined benefit plans is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, are based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Annual contributions are made to the employee's gratuity fund, established with the LIC based on an actuarial valuation carried out by the LIC as at 31 March each year. The fair value of plan assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

Benefits under the Group's leave encashment scheme constitute other long-term employee benefits. The obligation in respect of leave encashment is provided on the basis on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the

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market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Short term compensated absences are provided for based on estimates.
Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

o) Inventories

Inventories of raw materials are valued at lower of cost and net realisable value. Cost for the purpose of valuation of raw material is determined on a weighted average basis.

Finished goods & work-in-progress are valued at lower of cost and net realisable value. The cost of finished goods and work-in-progress includes costs of raw materials, direct costs of conversion and proportionate allocation of indirect costs incurred in bringing the inventories to their present location and condition.

Provision is made for obsolete, slow moving and defective stocks, wherever necessary.

The comparison of cost and net realisable value is made on an item-by-item basis.

The net realisable value of work-in-progress is determined with reference to the net realisable value of related finished goods.

p) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cheques on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

q) Investments

Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

Long–term investments are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed of.

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Investment in land or buildings that are not intended to be occupied substantially for use by, or in operations of the company, or held for rental purpose is classified as investment property. It is measured at cost on initial recognition. Cost includes expenditure that is directly attributable to the acquisition or construction of the investment property. Each investment property is evaluated to provide for diminution in value, which is other than temporary. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the property) is recognised in Statement of Profit and Loss.

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(All amounts are in Indian Rupees, unless otherwise stated)

3	Share capital	As at 31 March 2019	As at 31 March 2018
	Authorised		
	3,010,000 (previous year 3,010,000) equity shares of Rs. 10 each	30,100,000	30,100,000
	100,000 (previous year 100,000) 10% redeemable non-cumulative preference shares of Rs. 10 each	1,000,000	1,000,000
		31,100,000	31,100,000
	Issued, subscribed and paid-up		
	1,612,785 (previous year 1,612,785) equity shares of Rs 10 each	16,127,850	16,127,850
	100,000 (previous year 100,000) 10% redeemable non-cumulative preference shares of Rs 10 each	1,000,000	1,000,000
		17,127,850	17,127,850

a) **Reconciliation of number of shares outstanding at the beginning and at the end of reporting period**

	As at 31 March 2019		As at 31 March 2018	
Equity shares	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the year	1,612,785	16,127,850	1,612,785	16,127,850
Balance at the end of the year	1,612,785	16,127,850	1,612,785	16,127,850

Preference share	As at 31 March 2019		As at 31 March 2018	
	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the year	100,000	1,000,000	100,000	1,000,000
Balance at the end of the year	100,000	1,000,000	100,000	1,000,000

b) **Rights, preferences and restrictions attached to shares**

Equity shares: The company has only one class of equity shares having par value of Rs. 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets. Each shareholder is eligible to one vote per share held. The dividend proposed, if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting except in case of interim dividend. The repayment of equity share capital in the event of liquidation and buyback of shares are possible subject to prevalent regulations. In the event of liquidation, the equity share holder are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion to their shareholding.

Preference shares: The Company has a single class of preference shares of face value of Rs 10 each having preferential right in respect to dividend, to be paid at fixed rate of 10% and in the event of liquidation of the Company, the holders of preference shares will be entitled to receive a maximum amount of face value of the preference shares as capital repayment, before distribution to equity shareholders.

c) **Particulars of shareholders holding more than 5% shares of the company**

	As at 31 March 2019		As at 31 March 2018	
	No. of shares	% of holding	No. of shares	% of holding
Equity shares of Rs. 10 each fully paid up held by:				
-Mr. Sanjiv Narayan	401,775	24.91%	401,775	24.91%
-Mr. Ranjit Singh	401,774	24.91%	401,774	24.91%
-Mr. Krishna Kumar Pant	401,773	24.91%	401,773	24.91%
-Mr. Jasbir Singh Gujral	401,775	24.91%	401,775	24.91%
10% redeemable non-cumulative preference shares of Rs.10 each fully paid up held by:				
-Mr. Sanjiv Narayan	24,972	24.97%	24,972	24.97%
-Mr. Ranjit Singh	24,974	24.97%	24,974	24.97%
-Mr. Krishna Kumar Pant	24,974	24.97%	24,974	24.97%
-Mr. Jasbir Singh Gujral	24,972	24.97%	24,972	24.97%

d) ***Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:***

The Company has neither issued any bonus shares, nor issued shares for consideration other than cash nor bought back any equity shares during the period of five years immediately preceding the reporting date.

4	Reserves and surplus	As at 31 March 2019	As at 31 March 2018
	Capital reserve		
	At the commencement of the year	433,176,793	433,176,793
	At the end of the year (A)	433,176,793	433,176,793
	Securities premium account		
	At the commencement of the year	1,477,481,700	1,477,481,700
	At the end of the year (B)	1,477,481,700	1,477,481,700
	General reserve		
	At the commencement of the year	60,000,000	48,149,972
	Amount transferred from surplus in the Statement of Profit and Loss	30,000,000	10,000,000
	Adjustment on account of consolidation		1,850,028
	At the end of the year (C)	90,000,000	60,000,000
	Surplus in the Statement of Profit and Loss		
	At the commencement of the year	455,941,486	310,757,242
	Profit for the year	298,644,239	167,609,094
		754,585,725	478,366,336
	Less: Appropriations		
	-Dividend on equity shares for the year*	11,289,500	9,676,709
	-Dividend distribution tax on equity shares for the year*	2,320,578	2,022,724
	-Dividend on 10% redeemable non-cumulative preference shares for the year*	700,000	600,000
	-Dividend distribution tax on preference shares for the year*	143,886	125,417
	-Transfer to general reserve	30,000,000	10,000,000
		44,453,964	22,424,850
	At the end of the year (D)	710,131,761	455,941,486
	Foreign currency translation reserve		
	At the commencement of the year	282,101	233,438
	Effect of foreign exchange variations during the year	117,424	48,663
	At the end of the year (E)	399,525	282,101
	Total (A+B+C+D+E)	2,711,189,779	2,426,882,080

*refer to note 37

5 Tekniks Manufacturing Private Limited
es to consolidated financial statements for the year ended 31 March 2019
(All amounts are in Indian Rupees, unless otherwise stated)

5 **Long-term borrowings (secured)**

	Non-current portion		Current portion	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Secured				
-Term loan (from bank)*	34,894,332	51,100,000	20,176,492	48,425,000
-Vehicle loan (from bank)**	1,234,831	1,982,042	747,211	2,611,309
	36,129,163	53,082,042	20,923,703	51,036,309

* Term loan from Citi Bank
a) Exclusive charge on land and building and plant and machinery at Manesar facility
b) First exclusive charge on the machineries at Bangalore facility
c) First exclusive charge by way of equitable mortgage on land and building located at:
- Plot no. 174, Sector 4, IMT, Manesar; and
- Plot no. 3, Block A, Infocity, Gurgaon.
d) Corporate guarantee of SGS Infosystems Private Limited
e) Mutual fund amounting to INR 35 millions to be lien marked to Citi Bank
There are no continuing defaults as on Balance Sheet date in repayment of principal and interest

**Vehicle loan from banks - secured against hypothecation of the vehicles

Above loans are repayable in equal/ unequal monthly/ quarterly instalments as follows:

Term Loan:	As at 31 March 2019	As at 31 March 2018
Repayable within 1 year	20,176,492	48,425,000
Repayable within 1 - 3 year	34,894,332	46,400,000
Repayable after 3 years	-	4,700,000

Vehicle Loan:	As at 31 March 2019	As at 31 March 2018
Repayable within 1 year	747,211	2,611,309
Repayable within 1 - 3 year	1,234,831	1,982,042

The interest rate for the above term loans are mentioned below:
Term loans carry interest rates of 9.25% to 10.8% per annum (Previous year : 9.25% to 10.8% per annum)

The interest rate for the above vehicle loans carries interest rate of 7.75% per annum (Previous year : 7.75% to 10.00% per annum)

6 **Deferred tax liabilities (net)**

	As at 31 March 2019	As at 31 March 2018
Deferred tax liabilities		
Excess of depreciation/amortisation provided on property, plant and equipment and intangible assets in income-tax law over depreciation claimed under books of accounts	85,204,575	67,026,413
Mark to market gain on cross currency interest rate swaps	529,560	736,458
Deferred tax assets		
Expenditure covered by section 43B of Income-tax Act, 1961	17,380,086	9,912,249
Long term capital loss	124,717	-
Others	980,810	-
Deferred tax liabilities (net)	67,248,524	57,850,622

7 **Other long-term liabilities**

	As at 31 March 2019	As at 31 March 2018
Lease equalisation reserve	2,806,804	2,052,875
	2,806,804	2,052,875

8 **Provisions**

Particulars	Long-term provision		Short-term provision	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Provisions for employee benefits				
- Provision for gratuity (refer to Note 34)	8,920,558	3,949,511	1,591,504	1,307,859
- Provision for compensated absences (refer to Note 34)	7,355,923	4,670,255	2,033,038	861,287
Provision for income tax [net of advance tax Rs. 109,022,708- (previous year Rs. 71,782,248)]	-	-	9,147,617	7,478,371
	16,276,481	8,619,766	12,772,159	9,647,517

9 **Short-term borrowings**

Particulars	As at 31 March 2019	As at 31 March 2018
Loans repayable on demand		
Working capital loans from bank (secured)		
- Cash credit	400,830,494	169,449,979
- Packing credit in foreign currency	78,589,131	138,154,297
- Packing credit in domestic currency	-	40,148,775
	479,419,625	347,753,051

Cash credit and packing credit from bank is secured by first exclusive charge on present and future stocks and book debts of the Company, first exclusive charge by way of equitable mortage on land and building located at Plot no. 174, Sector 4, IMT, Manesar and Plot No. 3, Block A, Info City, Gurgaon, Corporate Guarantee of SGS Infosystems Private Limited and Mutual fund amounting to INR 35 millions to be lien marked to Citi Bank

10 **Trade payables**

	As at 31 March 2019	As at 31 March 2018
Total outstanding dues of micro enterprises and small enterprises (refer note 40)	35,878,271	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	593,303,744	715,265,935
	629,182,015	715,265,935

11 **Other current liabilities**

	As at 31 March 2019	As at 31 March 2018
To parties other than related parties		
Current maturities of long-term debt (refer note 5)	20,923,703	51,036,309
Advance from customer	3,974,311	25,070,309
Book overdraft	[illegible]632,458	8,662,214
Advance against assets held for sale	[illegible]5,000	20,000,000
Capital creditors	[illegible]491	8,562,002
Employee benefit and other dues	[illegible]672	51,415,817
Interest accrued but not due on borrowings	[illegible]	683,290
Interest on dues to micro enterprises and small enterprises	[illegible]	-
Statutory dues	[illegible]	7,335,357
	[illegible]	172,765,298

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(All amounts are in Indian Rupees, unless otherwise stated)

13 **Non-current investments**
(Valued at cost unless stated otherwise)

	As at 31 March 2019	As at 31 March 2018
Investment Property (at cost)	2,303,709	-
Investment in debentures or bonds		
- 500 (previous year 500) National Highways Authority of India – 54 EC Capital Gain Bonds	4,945,000	4,945,000
	7,248,709	4,945,000

The aggregate book value of unquoted non-current investments are as follows:

	As at 31 March 2019	As at 31 March 2018
Aggregate book value of unquoted non-current investments	4,945,000	4,945,000

14 **Loans and advances**
(Unsecured, considered good unless stated otherwise)

	Long-term loans and advances		Short-term loans and advances	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
To parties other than related parties				
Capital advance	-	-	-	8,054,167
Security deposits	8,993,970	6,508,159	-	-
Other loans and advances				
Advance to employees	-	-	1,282,885	1,751,570
Prepaid expenses	2,660,848	-	7,210,748	2,906,036
Advance tax [net of provision of tax Rs. 139,112,028 (previous year Rs. 59,851,409)]	35,928,428	37,475,684	360,000	360,000
Amount paid under protest (refer note 29)	4,215,000	4,328,681	-	-
Balance with statutory government authorities	-	-	112,062,426	156,725,246
Advances to suppliers	-	-	15,029,900	8,859,761
Cross currency interest rate swaps*	-	-	1,515,454	2,128,000
Social security liabilities				181783.7117
	51,798,246	48,312,524	137,461,413	180,966,564

* represents fair value of the derivative contracts undertaken to hedge the variability in cash flows related to term loan arising from changes in foreign exchange rates and interest rates

15 **Other non-current assets**

	As at 31 March 2019	As at 31 March 2018
Banks deposits (due to mature after 12 months from the reporting date)	56,750,179	2,530,275
	56,750,179	2,530,275

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(All amounts are in Indian Rupees, unless otherwise stated)

16 **Current investments**

(valued at lower of cost and fair value)

	As at 31 March 2019	As at 31 March 2018
- Investments in mutual funds - quoted (refer note (a) below)	209,936,188	161,963,022
- Investment in other investments - unquoted (refer note (b) below)	33,298,921	44,784,567
	243,235,109	206,747,589

Note (a)

Quoted	As at 31 March 2019				As at 31 March 2018			
	Units	Cost	NAV at 31 March 2019	Lower of cost and fair value	Units	Cost	NAV at 31 March 2018	Lower of cost and fair value
Franklin India Debt Hybrid Fund - Plan A - Growth	125,299	5,240,774	6,960,717	5,240,774	125,299	5,240,774	6,595,507	5,240,774
Edelweiss Arbitrage Fund Dividend-Dr	946,358	9,810,642	9,883,950	9,810,642	897,187	9,297,858	9,390,853	9,297,858
Icici Pru Mip 25 Growth	-	-	-	-	385,645	11,300,000	15,189,298	11,300,000
Icici Prudential Banking And Psu Debt Fund	1,447,747	14,926,043	15,326,861	14,926,043	1,398,091	14,401,213	14,621,938	14,401,213
Idfc Bond Fund- Short Term Plan Fortnightly Dividend-(Direct Plan)	2,726,146	27,958,729	28,077,120	27,958,729	2,587,018	26,532,212	26,640,079	26,532,212
Uti Short Term Income Fund Institutional Option- Growth	-	-	-	-	60,065	1,000,000	1,268,706	1,000,000
HDFC Credit Risk Debt Fund (Fornely Known as Hdfc Corporate Debt Opportunities Fund Regular Plan Growth)##	975,069	12,500,000	14,874,771	12,500,000	975,069	12,500,000	14,051,521	12,500,000
Reliance Regular Savings Fund Debt Plan Growth Plan Growth	-	-	-	-	571,363	13,000,000	13,831,378	13,000,000
Icici Prudential Banking Psu Debt Fund- Daily Dividend	-	-	-	-	516,625	5,202,756	5,203,859	5,202,756
Icici Prudential Medium Term Bond Fund - Growth	299,656	7,500,000	8,524,923	7,500,000	299,656	7,500,000	8,103,727	7,500,000
L&T Resurgent India Bond Fund Growth	785,931	9,500,000	10,692,120	9,500,000	785,931	9,500,000	10,216,710	9,500,000
L&T Short Term Income Fund - Growth	421,924	7,500,000	8,452,577	7,500,000	421,924	7,500,000	7,880,743	7,500,000
Reliance Money Manager Fund- Growth Plan	-	-	-	-	63	100,000	150,489	100,000
Reliance Equity Savings Fund- Direct Growth Plan - Esag	1,514,467	20,000,000	20,218,288	20,000,000	1,514,467	20,000,000	19,388,209	19,388,209
Reliance Equity Savings Fund- Direct Growth Plan - Cbag	1,015,876	14,500,000	15,598,680	14,500,000	1,015,876	14,500,000	14,709,381	14,500,000
Reliance Liquid Fund- Treasury Plan- Direct Plan Growth Plan	-	-	-	-	1,181	5,000,000	5,008,695	5,000,000
Franklin India Short Term Income Plan - Growth	2,703	10,000,000	10,803,296	10,000,000	-	-	-	-
Uti Credit Risk Fund - Growth	188,574	3,000,000	3,154,197	3,000,000	-	-	-	-
Idfc Bond Fund-Short Term Plan- Growth	80,046	3,000,000	3,048,116	3,000,000	-	-	-	-
Axis Banking & Psu Debt Fund ~ Growth	3,251	5,500,000	5,680,895	5,500,000	-	-	-	-
Reliance Credit Risk Fund - Direct Growth Plan Growth Option (SDAG)	554,262	14,000,000	15,073,495	14,000,000	-	-	-	-
Kotak Equity Savings Fund Direct - Growth	1,267,987	17,500,000	18,554,839	17,500,000	-	-	-	-
Hdfc Equity Savings Fund- Direct Plan- Growth Option	476,411	17,500,000	18,593,839	17,500,000	-	-	-	-
Dsp Equity Savings Fund- Regular Plan-Growth	808,734	10,000,000	10,210,271	10,000,000	-	-	-	-
		209,936,188	223,728,955	209,936,188		162,574,813	172,251,093	161,963,022

under lien with Citi Bank.

Note (b)

Unquoted	As at 31 March 2019	As at 31 March 2018
- Structured Product/ Private Equity		
Multiples Private Equity Fund Scheme I	8,128,651	9,666,640
Rental Yield & Appreciation(Anand Rathi)	-	134,840
India Reit Fund Scheme Iv	620,562	620,584
India Reit Mumbai Redevelopment Fund	1,349,758	1,349,758
Milestone Domestic Scheme III	696,000	994,000
Accuracap - Alpha 10	1,063,902	1,063,902
Accuracap- Pico Power	1,436,098	1,436,098
Reliance Yield Maximiser Alternative Investment Fund - Schem	3,013,827	9,825,000
Quest Multi PMS Series 1	3,500,000	3,500,000
India Whizdom Fund	10,000,000	10,000,000
Total (A)	29,808,797	38,590,822
Real Estate		
Emerald lands Pvt. Ltd.	-	2,303,709
Peninsula Brookfield India Real Estate Fund	3,490,123	3,890,036
Total (B)	3,490,123	6,193,745
Total (A) + (B)	33,298,921	44,784,567

	As at 31 March 2019	As at 31 March 2018
Quoted current investments		
Aggregate book value	209,936,188	162,574,813
Aggregate market value	223,728,955	172,251,093
Aggregate book value of unquoted current investments	33,298,921	44,784,567

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(All amounts are in Indian Rupees, unless otherwise stated)

17 Inventories

(Valued at lower of cost and NRV)

	As at 31 March 2019	As at 31 March 2018
Raw materials [including goods-in-transit Rs 97,713,399 (previous year Rs. 42,839,995)]*	678,410,019	560,443,040
Work-in-progress	60,691,467	124,990,669
Finished goods [including goods-in-transit Rs. 12,621,924 (previous year Rs. Nil)]	48,736,497	42,942,908
	787,837,983	728,376,617

*** Details of inventory**

(a) Details of raw materials		
Integrated circuit ('IC')	247,102,048	156,000,097
Printed circuit board ('PCB')	66,037,205	60,910,722
Capacitor and Capacitor Elco	90,262,949	62,295,908
Resistor	31,193,293	23,253,504
Transistor/ Diode	44,745,704	23,423,200
Light Emitting Diode ('LED') and Liquid Crystal Display ('LCD')	22,402,622	31,800,955
Transformer	18,286,220	10,182,063
Battery	11,566,505	7,094,020
Soldering material, crystals, switches, fuses and other raw materials	146,813,474	185,482,571
Total	678,410,019	560,443,040

18 Trade receivables

(Unsecured, considered good)

	As at 31 March 2019	As at 31 March 2018
Receivables outstanding for a period exceeding six months from the date they became due for payment	12,934,774	38,170,424
Other receivables	844,040,301	684,753,354
	856,975,075	722,923,778

19 Cash and bank balances

	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents		
- Cash on hand	437,745	311,559
- Balances with banks		
- on current accounts	58,919,040	82,092,315
Other bank balances	2,810,034	58,294,766
	62,166,819	140,698,640

Details of bank balances/deposits

Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	2,810,034	58,294,766
Bank deposits due to mature after 12 months of the reporting date shown under 'Other non-current assets' (refer note 15)	56,750,179	2,530,275

20 Other current assets

(Unsecured, considered good unless stated otherwise)

	As at 31 March 2019	As at 31 March 2018
Interest accrued on fixed deposits	547,746	88,643
Unbilled revenue	63,600	1,019,439
Assets held for sale (refer note 12)	164,318	8,190,083
Others		8,751
	775,664	9,306,916

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Property, plant and equipment

(a) Tangible assets

Particulars	Gross block						Accumulated depreciation						Net block	
	As at April 1, 2018	Additions	Assets Held for Sale *	Disposals	Currency translation	As at March 31, 2019	As at April 1, 2018	Depreciation charge for the year	On disposals	Assets Held for Sales	Currency translation	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Land	38,869,161	-	-	-	-	38,869,161	-	-	-	-		-	38,869,161	38,869,161
Building	224,242,834	10,358,162	-	-	-	234,600,996	41,003,671	5,907,250	25,801	-		46,885,120	187,715,877	183,239,164
Tools and moulds	22,284,991	14,552,022	-	-	-	36,837,012	3,964,617	1,785,884	-	-		5,750,500	31,086,512	18,320,374
Plant and machinery	476,607,098	140,828,015	-	-	-	617,435,113	150,801,685	33,250,995	-	-		184,052,680	433,382,433	325,805,413
Furniture and fixtures	42,386,548	3,473,557	-	-	-	45,860,105	17,012,926	3,404,811	17,145	-		20,400,592	25,459,513	25,373,623
Computers	63,196,096	6,170,974	-	1,304,779	-	68,062,291	52,879,036	5,065,172	1,239,540	-		56,704,668	11,357,624	10,317,060
Airconditioning equipment	63,442,515	665,733	-	-	-	64,108,249	21,613,563	5,157,221	9,258	-		26,761,525	37,346,723	41,828,952
Electrical fittings	46,534,196	5,790,055	-	-	-	52,324,251	16,857,500	4,070,759	11,877	-		20,916,382	31,407,871	29,676,696
Office equipment	17,788,487	2,295,360	-	-	-	20,083,848	9,010,219	2,748,602	603	-		11,758,218	8,325,630	8,778,268
Vehicles	37,864,449	3,452,034	3,286,350	-	-	38,030,133	16,143,544	3,878,454	-	3,122,033	-	16,899,965	21,130,168	21,720,905
Other equipment, Operating and office equipment	4,232,947	130,681	-		(104,497)	4,468,125	2,455,145	550,638	-	-	(158,729)	3,164,512	1,303,613	1,777,802
	1,037,449,323	187,716,592	3,286,350	1,304,779	(104,497)	1,220,679,284	331,741,904	65,819,785	1,304,225	3,122,033	(158,729)	393,294,161	827,385,125	705,707,419

Tangible assets

Particulars	Gross block						Accumulated depreciation						Net block	
	As at 1 April 2017	Additions	Assets Held for Sale *	Disposals	Currency translation	As at 31 March 2018	As at 1 April 2017	Depreciation charge for the year	On disposals/ adjustments during the year	Assets held for sale	Currency translation	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Land	39,830,665	-	961,504	-	-	38,869,161	-	-	-	-	-	-	38,869,161	39,830,665
Building	231,389,916	3,369,709	10,516,791	-	-	224,242,834	39,717,938	5,816,664	-	4,530,930	-	41,003,672	183,239,162	191,671,978
Tools and moulds	10,712,641	11,572,350	-	-	-	22,284,991	3,042,890	921,727	-	-	-	3,964,617	18,320,374	7,669,751
Plant and machinery	403,299,583	73,744,315	-	436,800	-	476,607,098	124,618,878	26,479,795	296,987	-	-	150,801,685	325,805,413	278,680,706
Furniture and fixtures	38,287,200	5,611,599	1,512,251	-	-	42,386,548	14,601,708	3,408,175	-	996,957	-	17,012,926	25,373,623	23,685,492
Computers	60,165,030	3,031,066	-	-	-	63,196,096	49,383,494	3,495,542	-	-	-	52,879,036	10,317,060	10,781,536
Airconditioning equipment	62,974,027	1,249,273	780,785	-	-	63,442,516	16,835,745	5,293,884	-	516,066	-	21,613,563	41,828,953	46,138,283
Electrical fittings	43,737,017	4,313,151	1,515,972	-	-	46,534,196	14,069,551	3,865,083	-	1,077,133	-	16,857,501	29,676,695	29,667,465
Office equipment	14,624,582	3,471,712	307,805	-	-	17,788,488	6,993,098	2,301,060	-	283,939	-	9,010,219	8,778,269	7,631,484
Vehicles	28,072,230	10,562,994	-	770,775	-	37,864,449	12,851,296	3,730,187	437,938	-	-	16,143,545	21,720,904	15,220,934
Other equipment, Operating and office equipment	3,347,132	603,500	-	-	(282,315)	4,232,947	1,777,358	607,236	-	-	(70,551)	2,455,145	1,777,802	1,569,775
	936,440,024	117,529,668	15,595,107	1,207,575	(282,315)	1,037,449,325	283,891,955	55,919,351	734,925	7,405,025	(70,551)	331,741,908	705,707,417	652,548,069

(b) Intangible assets

Particulars	Gross block						Accumulated amortisation						Net block	
	As at April 1, 2018	Additions	Assets Held for Sale *	Disposals	Currency translation	As at March 31, 2019	As at April 1, 2018	Depreciation charge for the year	On disposals	Assets Held for Sales	Currency translation	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Software	28,846,979	5,645,617	-	-	-	34,492,596	26,510,143	2,332,834	-	-	-	28,842,977	5,649,619	2,336,836
	28,846,979	5,645,617		-		34,492,596	26,510,143	2,332,834	-			28,842,977	5,649,619	2,336,836
													833,034,744	

Intangible assets

Particulars	Gross block						Accumulated amortisation						Net block	
	As at 1 April 2017	Additions	Assets Held for Sale *	Disposals	Currency translation	As at 31 March 2018	As at 1 April 2017	Amortisation for the year	On disposals/ adjustments during the year	Assets held for sale	Currency translation	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Software	27,730,885	1,116,094	-	-	-	28,846,979	24,322,679	2,187,464	-	-		26,510,143	2,336,836	3,408,206
	27,730,885	1,116,094		-		28,846,979	24,322,679	2,187,464	-			26,510,143	2,336,836	3,408,206

* During the current year, the Company sold an asset held for sale. The gain on sale of the asset amounting to INR 55,672,059 which is included in the statement of profit and loss.

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(All amounts are in Indian Rupees, unless otherwise stated)

21 Revenue from operations

Sale of products

	For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of manufactured products		
Domestic	2,926,031,400	2,167,765,867
Exports	1,188,096,021	1,066,905,603
Sale of products (gross)	4,114,127,421	3,234,671,470
Less: Excise duty	-	41,464,707
Sale of products (net)	**4,114,127,421**	**3,193,206,763**
Sale of services	-	**6,966,179**
Other operating revenues		
- Job work	91,446,144	70,851,498
- Sale of tools	23,463,421	13,891,325
- Incentive	55,140,812	8,601,206
	170,050,377	**93,344,029**

Details of sale of manufactured products

* Manufacturing goods - assemble printed circuit board	4,114,127,421	3,193,206,763

22 Other income

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income		
- fixed deposit	4,512,855	2,975,842
- others	1,000,191	4,455,177
Dividend income		
- current investments	2,717,354	3,063,086
Net gain on account of sale of investment	2,802,513	16,401,133
Net gain on account of foreign exchange fluctuations	5,508,928	21,449,877
Mark to market gain on cross currency interest rate swaps	-	2,128,000
Gain on sale of property, plant and equipment (net)	55,672,059	-
Miscellaneous income	5,765,890	298,564
	77,979,790	**50,771,679**

23 Cost of materials consumed

Raw materials

	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening inventory	560,443,040	376,256,382
Add: purchases (net)	3,252,530,597	2,630,133,666
	3,812,973,637	**3,006,390,048**
Less : Closing inventory	678,410,019	560,443,040
Less:- Currency translation	-	(1,030,971)
	3,134,563,618	**2,446,977,979**

Details of raw materials consumed

	For the year ended 31 March 2019	For the year ended 31 March 2018
Integrated circuit ('IC')	1,177,948,744	1,002,016,105
Printed circuit board ('PCB')	361,057,705	355,799,921
Capacitor and Capacitor Elco	300,991,647	199,609,464
Resistor	99,906,225	98,084,632
Transistor/ Diode	176,454,759	123,191,144
Light Emitting Diode ('LED') and Liquid Crystal Display ('LCD')	142,315,699	134,093,004
Transformer	135,541,307	89,126,887
Battery	65,164,571	57,694,360
Soldering material, crystals, switches, fuses and other raw materials	675,182,959	387,362,462
	3,134,563,618	**2,446,977,979**

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SGS Tekniks Manufacturing Pvt. Ltd. Gurgaon

(All amounts are in Indian Rupees, unless otherwise stated)

24 Changes in inventories of finished goods, work-in-progress and stock-in-trade

	For the year ended 31 March 2019	For the year ended 31 March 2018
Finished goods		
Opening inventory	42,942,908	39,152,687
Less: Closing inventory	48,736,497	42,942,908
Total (A)	**(5,793,589)**	**(3,790,221)**
Work-in-progress		
Opening stock	124,990,669	98,042,071
Add: Currency translation	-	274,675
Less: Closing Stock	60,691,467	124,990,669
Total (B)	**64,299,202**	**(26,673,923)**
Total (A+B)	**58,505,613**	**(30,464,144)**

a. Breakup of work-in-progress		
Manufacturing goods - assemble printed circuit board	48,736,497	42,942,908
a. Breakup of finished goods		
Manufacturing goods - assemble printed circuit board	60,691,467	124,990,669

25 Employee benefits

	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	356,828,929	323,788,412
Contribution to provident and other funds*	7,291,806	6,692,364
Gratuity*	5,754,692	966,309
Compensated absences*	4,506,590	605,290
Staff welfare expenses	9,669,756	9,368,460
	384,051,773	**341,420,835**

*** refer note 34**

26 Finance costs

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expense		
Interest on term loans	8,201,539	14,428,912
Interest on packing credit	5,546,633	6,553,605
Interest on cash credit	29,973,469	20,009,597
Interest -others	4,441,192	5,106,189
Total (A)	**48,162,833**	**46,098,303**
Interest of late payment of dues to micro enterprises and small enterprises	2,338,654	-
Other borrowing costs	567,123	2,460,800
Total (B)	**2,905,777**	**2,460,800**
Total (A+B)	**51,068,610**	**48,559,103**

27 Depreciation and amortisation

	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation on tangible assets	65,819,785	55,919,353
Amortisation of intangible assets	2,332,834	2,187,464
	68,152,619	**58,106,817**

SGS Tekniks Manufacturing Private Limited
Notes to consolidated financial statements for the year ended 31 March 2019
(All amounts are in Indian Rupees, unless otherwise stated)

28 Other expenses

	For the year ended 31 March 2019	For the year ended 31 March 2018
Power and fuel	39,156,335	33,576,990
Repair and maintenance		
Building	2,260,278	1,673,381
Machinery	12,636,742	12,888,911
Others	3,988,226	3,012,943
Job work charges	4,952,323	5,125,372
Bank charges	9,245,931	8,400,158
Insurance	6,745,104	5,494,923
Printing and stationery	3,975,416	3,631,477
Postage and courier	4,590,688	4,481,122
Travelling and conveyance	41,362,153	23,184,247
Vehicle running and maintenance	1,420,027	2,108,091
Director's remuneration	38,399,468	42,448,166
Rates and taxes	2,556,666	581,279
Discount allowed	505,330	-
Bad debts /balance written off	4,777,818	761,734
Rent (refer note no.32)	6,871,568	6,851,399
Investment written off	4,280,282	-
Legal and professional charges	7,856,214	7,260,404
Office maintenance	13,537,907	13,280,873
Training expenses	652,645	249,383
Subscription and membership	1,228,846	1,205,776
Diminution in value of investment	111,486	611,791
Fees and registration	3,229,973	734,741
Canteen expenses	3,125,717	2,605,044
Cost of services	2,678,598	1,276,520
Festival expenses	2,389,318	1,809,147
Loss on sale of property, plant and equipment (net)	-	197,724
Expenditure on corporate social responsibility (refer note no.30)	4,000,000	5,000,000
Payment to auditors (refer note no.38)		
- As auditor	1,373,600	1,370,000
- For reimbursement of expenses	493,709	365,328
Cartage and freight outgoing	5,168,284	761,233
Mark to market gain on cross currency interest rate swaps	612,546	-
Export clearance charges	946,630	656,524
Business promotion expenses	4,195,131	1,928,361
Advertisement	1,773,006	1,170,181
Development charges	2,759,823	3,012,641
Miscelleanous expenses	740,194	3,121,076
	244,597,982	**200,836,940**

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29. Contingent liabilities

(To the extent not provided for)

a. Claims against the Company not acknowledged as debts. Income tax matters in dispute/ under appeal:

Sr. No.	Assessment year to which it relates	Amount disputed	Amount paid under protest	From where dispute is pending
1	2006-07	3,006,260	4,015,000	Assessing Officer
2	2008-09	313,618	313,618	Assessing Officer
3	2015-16	278,540	-	Assessing Officer
4	2016-17	6,672,040	200,000	Commissioner of Income Tax (A)

b. In February 2019, Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company has made a provision for provident fund contribution only for the month of March 2019 in the books of accounts.

30. Corporate Social Responsibility

Corporate social responsibility (CSR) as per the provisions of section 135 of the Companies Act, 2013 is applicable to the Company.

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Gross amount required to be spent by the company during the year	3,744,702	2,752,146
Amount spent and paid during the year		
i) Construction/ acquisition of any asset	-	-
ii) on purpose other than (i) above	4,000,000	5,000,000

(All amounts in Indian Rupees, unless otherwise stated)

31. Related party disclosures

a) List of related party and nature of related party relationship where control exists, irrespective of whether or not there have been transactions between the related parties:

Description of relationship	Name of the related party
Key managerial personnel	Mr. Sanjiv Narayan (Director and shareholder)
	Mr. J.S. Gujral (Director and shareholder)
	Mr. R.S. Lonial (Director and shareholder)
	Mr. K.K. Pant (Director and shareholder)
	Mr. Michael Lange
Associate Company	Eltek SGS Mechanics Private Limited, India

b) Other related parties and nature of related party relationship with whom transactions have taken place during the year:

Description of relationship	Name of the related party
Key managerial personnel's influence	SGS Manufacturing & Trading Private Limited, India

c) Related Party Transactions during the year :-

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Managerial Remuneration		
- Sanjiv Narayan	5,219,920	9,269,920
- J S Gujral	9,269,920	9,269,920
- R S Lonial	9,269,920	9,269,920
- K K Pant	9,269,920	9,253,420
- Michael Lange	6,549,468	6,048,166

32. Operating leases

The Company has taken certain office premises under cancellable and non-cancellable operating leases. Lease rentals in respect of assets taken on these operating leases are charged to the Statement of Profit and Loss on a straight line basis over the lease term. Lease payments recognised in the Statement of Profit and Loss amounts to Rs. 6,871,568 (previous year 6,851,399).

Further, the minimum lease payment under the non-cancellable operating lease are as follows:

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Particulars	As at 31 March 2019	As at 31 March 2018
Payable within one year	45,671	39,66,900
Payable between one year and five years	-	45,671
Payable more than five years		-
Total	**45,671**	**4,012,571**

33. Pursuant to compliance of AS-20 on Earning per Share, the relevant information is provided here below-

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Net profit after tax	298,644,239	167,609,094
Less: Dividend on 10% redeemable non-cumulative (including Dividend distribution tax)	843,886	725,417
Net profit attributable to equity shareholders	297,800,353	166,883,677
Weighted average number of equity shares for calculation of earnings per share	1,612,785	1,612,785
Basic and diluted earnings per share of face value of Rs.10 each.	184.65	103.48

34. Disclosure pursuant to Accounting Standard 15 Revised- "Employee Benefits"

Defined contribution plan

An amount of Rs.7,291,806 (previous year Rs.6,692,364) pertaining to employers contribution to Provident Fund and Employees' State Insurance is recognized as an expense and is included in Note 25 "Employee Benefits".

Defined benefit plan

Leave encashment plan: The Company has leave encashment plan wherein every employee is entitled to 15 days earned leaves in a year and accumulation can go upto any extend. Leaves are en-cashable at time of exit, at the last drawn basic salary.

Gratuity plan: The Company operates a gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days basic salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Company on the retirement or separation or death or permanent disablement in terms of the provisions of Payment of Gratuity Act, 1972 or as per the Company plan whichever is more beneficial. The Company has funded the liability towards defined benefit obligation with the Life Insurance Corporation (LIC). Rate of return is given by the insurance company. The benefits vest after 5 years of continuous service except in case of death where no vesting conditions apply.

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The following table sets forth the status of the Gratuity Plan of the Company and the amounts recognized in the Balance Sheet and Statement of Profit and Loss.

a) Reconciliation of present value of the obligation and fair value of the plan assets:

Particulars	As at 31 March 2019	As at 31 March 2018
Present value of funded obligation	14,241,170	9,141,981
Fair value of plan assets	3,729,107	3,884,610
Net (liabilities) / assets	**(10,512,063)**	**(5,257,371)**

b) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Opening defined benefit obligation	9,141,981	8,817,430
Current service cost	1,857,319	1,500,496
Interest cost	708,504	683,351
Actuarial loss/(gain)	3,324,472	(1,051,835)
Benefits paid	(791,106)	(807,461)
Closing balance of defined benefit obligation	**14,241,170**	**9,141,981**

c) The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Fair value of plan assets at the beginning of the year	3,884,610	3,551,368
Expected return on plan assets	301,057	275,231
Contributions	500,000	975,000
Benefits paid	(791,106)	(807,461)
Actuarial gain/(loss) on plan assets	(165,454)	(109,528)
Fair value of plan assets at the end of the year	**3,729,107**	**3,884,610**

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d) Composition of Planned Assets:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
LIC	3,729,107	3,884,610

e) The amounts recognized in the Statement of Profit and Loss are as follows:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Current service cost	1,857,319	1,500,496
Interest cost	708,504	683,351
Expected return on plan assets	(301,057)	(275,231)
Net actuarial loss/(gain) recognized during the year	3,489,926	(942,307)
Total (included in "Employee benefits expense")	**5,754,692**	**966,309**

f) The amounts of actual return on plan assets are as follows:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Expected return on plan assets	301,057	275,231
Actuarial gain/(loss) on plan assets	(165,454)	(109,528)
Actuarial return on plan assets	**135,603**	**165,703**

g) Experience adjustments:

Particulars	31 March 2019	31 March 2018	31 March 2017	31 March 2016	31 March 2015
Defined benefit obligation	14,241,170	9,141,981	8,817,430	7,220,365	5,496,739
Fair value of plan assets	3,729,107	3,884,610	3,551,368	3,566,232	3,648,960

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(Deficit)/surplus in the plan	(10,512,063)	(5,257,371)	(5,266,062)	(3,654,133)	(1,847,779)
Experience adjustment arising on plan liabilities	783,697	(931,627)	754,461	284,357	(623,755)
Experience adjustment arising on plan assets	(165,454)	(109,528)	(86,555)	113,670	118,776

h) Principal actuarial assumptions in respect of provision for gratuity and leave encashment at the balance sheet date are as follows:

Economic assumption	Year ended 31 March 2019	Year ended 31 March 2018
Discount rate	7.75%	7.75%
Expected rate of salary increase	8.00%	5.00%
Expected rate of return on plan assets	7.75%	7.75%

Demographic assumption	Year ended 31 March 2019	Year ended 31 March 2018
Retirement age	58 / 60 years	58 years
Mortality table	IALM (2006-08)	IALM (2006-08)
Withdrawal rates		
- Up to 30 years age	40.00%	5.00%
- From 31 to 44 years	15.00%	3.00%
- Above 44 years	7.00%	2.00%

Discount rate:
The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate:
The estimates of future salary escalation rate considered in actuarial valuation takes into account the inflation, seniority, promotion and other relevant factors on a long-term basis.

Expected contribution for the next month is Rs. 2,624,596.

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35. Foreign currency exposure

The Company's foreign currency exposure on account of foreign currency denominated receivables and payables not hedged as at 31 March 2019.

Particulars	As at 31 March 2019		As at 31 March 2018	
	Amount (FC)	Amount (Rupees)	Amount (FC)	Amount (Rupees)
Trade receivable				
Euro	1,169,301	88,785,005	895,622	70,790,004
US Dollar	1,629,404	110,457,291	1,873,868	119,515,303
Payables including capital creditors				
Euro	268,311	22,003,442	300,657	25,058,478
US Dollar	4,178,974	295,216,558	3,670,240	242,676,293
Japanese Yen	34,095,131	21,779,970	19,582,979	12,290,278
GBP	1,764	163,048	9,448	888,007
CHF	1,896	134,673	4,356	304,746
Bank Balance				
EURO	70,645	5,364,101	267,530	21,145,571
US Dollar	455,584	30,884,032	454,216	28,969,918
Term Loan				
US Dollar	779,709	55,070,877	1,537,724	99,525,000
Packing Credit				
EURO	-	-	498,054	40,969,905
US Dollar	1,112,688	78,589,134	1,469,818	97,184,393

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Derivative instrument :

The Company has taken full currency swap contracts to hedge the variability in foreign exchange and interest rates on its foreign currency loans outstanding as on 31 March 2019. The details for the swap contract are as follows:

Particulars	Contracts Number	Book Value (USD)	Book Value (INR)	Floating Rate of Interest	Fixed rate of interest	Date upto which swap agreement is valid	Mark-to-market gain as at 31 March 2019
Term Loan in foreign currency	16550139	334,573	23,630,856	6 Months LIBOR Plus 2.40%	10.80%	14th June 2021	87,617
Term Loan in foreign currency	70391836	111,285	7,860,043	6 Months LIBOR Plus 1.45%	9.25%	28th Apr 2022	402,897
Term Loan in foreign currency	70391793	333,852	23,579,979	Overnight LIBOR Plus 1.45%	9.25%	28th Apr 2022	1,024,940

Mark-to-market gain on the full currency swap as on 31 March 2019 has been recorded in the Statement of Profit and Loss.

The fair values of derivative contracts are based on mark-to-market valuations as provided by the counterparty bank quotes.

Risk management framework
The Company's boards of directors have overall responsibility for the establishment and oversight of the Company's risk management framework which includes identification, monitoring and measurement of financial risk.
The Company has exposure to following risks arising from financial instruments:

Market risk
Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns. The Company uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors.

Interest rate risk
The Company adopts a policy of ensuring that all its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using full currency swaps as hedges of the variability in cash flows attributable to interest rate risk.

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36. Segment information

Accounting Standard 17 "Segment Reporting" requires the Company to disclose certain information about operating segments. The Company is a single operating unit and engaged in business of providing electronic manufacturing services and solutions and therefore, has only one reportable business segment. Hence, the disclosure required by this standard is presently not applicable to the Company

Geographical Segment:

The Company sells its products to various manufacturers within the country and also exports to other companies. Considering the size and proportion of exports to local sales, the Company considers sales made within the country and exports as two geographical segments. Information of geographical segment is based on the geographical location of the customers.

Information on the geographic segment for the year 1 April 2018 to 31 March 2019 and 1 April 2017 to 31 March 2018 are as follows:

Particulars	India 2018-19	Outside India 2018-19	Unallocated 2018-19	Total
Segment revenue	3,022,948,201	1,261,229,598	-	4,284,177,799
Segment assets	3,825,010,456	231,422,495	40,143,428	4,096,576,379
Capital expenditure	60,673,554	132,688,655	-	193,362,209

Particulars	India 2017-18	Outside India 2017-18	Unallocated 2017-18	Total
Segment revenue	2,173,434,645	1,120,082,326	-	3,293,516,971
Segment assets	3,108,414,504	661,925,723	41,804,365	3,812,144,591
Capital expenditure	89,639,056	29,006,707	-	118,645,763

Segment accounting policies

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

(i) Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, trade receivables, inventories and fixed assets, net of allowances and provision which are reported as direct offsets in the balance sheet. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities include all operating liabilities and consist principally of trade payables and accrued liabilities. Segment assets and liabilities do not include those relating to income taxes and deferred tax.

(ii) Segment revenue

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Segment revenue comprises the portion of company's revenue that is directly attributable to a segment or that can be allocated on a reasonable basis to a segment, and inter –segment transfers. However, segment revenues do not include interest and other income in respect of non-segmental activities and have remained unallocated.

Segment revenue in the geographical segments considered for disclosures are as follows:
Revenue within India include sale of manufactured goods and services in India to customers located within India; and revenues outside India include sale of manufactured goods and services outside India to customers located outside India.

37. Dividend paid on shares

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Dividend on equity shares declared and paid during the year		
Final dividend of Rs. 3.5 per share for the financial year 2017-18 (2016-17: Rs. 3.5 per share)	5,644,750	5,644,746
Dividend distribution tax on final dividend*	1,160,289	1,179,923
Interim dividend of Rs. 3.5 per share for the financial year 2018-19 (2017-18: Rs. 3.5 per share)	5,644,750	4,031,963
Dividend distribution tax on interim dividend*	1,160,289	842,801
Dividend on 10% redeemable non-cumulative preference shares		
Final Dividend on 10% redeemable non-cumulative preference shares of Rs. 3.5 per share for the financial year 2017-18 (2016-17: Rs. 3.5 per share)	350,000	350,000
Dividend distribution tax on final dividend*	71,943	73,161
Interim dividend on 10% redeemable non-cumulative preference shares of Rs. 3.5 per share for the financial year 2018-19 (2017-18: Rs. 2.5 per share)	350,000	250,000
Dividend distribution tax on final dividend*	71,943	52,256

*Dividend Distribution Tax (DDT)-net, pertaining to the current year comprises the DDT on final dividend of FY 2017-18 and interim dividend of FY 2018-19.

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38. Goodwill

The Goodwill amounting to Rs.1,051,452,433 (previous year Rs. 1,051,452,433) arose as a result of the amalgamation of SGS Tekniks Manufacturing Pvt Ltd with SGS Tekniks Pvt Ltd, as per the order of High Court of Punjab and Haryana at Chandigarh through order dated 15 September 2012.

In accordance with the requirements of Approved Amalgamation Scheme, Company has only tested Goodwill for impairment as per Accounting Standard (AS) 28 "Impairment of Assets", issued by the Institute of Chartered Accountants of India.

Further, Goodwill amounting to Rs. 7,840,003 (previous year Rs. 7,840,003) arose as a result of consolidation of SGS Infosystems Private Limited.

39. The Company has its Research and Development department ("R&D") at domestic and export units for doing research of new product as per requirement of the customer. It has incurred the expenses on R & D under following head of expenses during the year:

S.No.	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
1	Salary	17,294,975	14,699,099
2	Development charges (including material)	1,931,496	2,490,229
	Total	**19,226,471**	**17,189,328**

40. Details of dues to micro, small and medium enterprises as defined under the MSMED Act, 2006:

Particulars	As at 31 March 2019	As at 31 March 2018
(a) The amounts remaining unpaid to micro, small and medium enterprises as at the end of the period - Principal - Interest	 35,878,271 -	 - -
(b) The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006	-	-
(c) The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting period.	-	-
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under Micro Small and Medium Enterprises Development Act, 2006.	2,338,654	-
(e) The amount of interest accrued and remaining unpaid at the end of each accounting period.	2,338,654	-

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(f) The amount of further interest remaining due and payable even in the succeeding periods, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the Micro Small and Medium Enterprises Development Act, 2006.	-	-

41. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulation under sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by the due date as required under law. The Management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of income tax expense and that of provision for taxation.

42. Disclosure on Specified Bank Notes (SBN):

The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

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43. Additional information as required by Paragraph 2 of the General Instructions for preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013:

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
Parent				
SGS Tekniks Manufacturing Private Limited	100.53%	2,742,824,575	102.73%	300,913,126
Subsidiaries				
Indian				
SGS Infosystems Private Limited	3.62%	98,747,458	(0.80)%	(2,385,713)
Foreign				
SGS Solutions GMBH	0.03%	811,741	0.11%	319,055
Minority Interest	0.04%	1,206,035	(0.04)%	(108,479)
Total eliminations	(4.71)%	(115,320,472)	-	-
Total	**100%**	**2,728,269,337**	**100%**	**298,737,989**

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration no.: 101248W/W-100022

Vikram Advani
Partner
Membership No.: 091765
ICAI UDIN : 19091765AAAACO6856

Place: Gurugram
Date : 20 September 2019

For **and on behalf of the Board of Directors of SGS Tekniks Manufacturing Pvt. Ltd.**

J S Gujral
Managing Director

DIN - 00198825

Place: Gurugram
Date: 20 September 2019

Sanjiv Narayan
Chairman

DIN - 00198864

Place: Gurugram
Date: 20 September 2019