

SGS Teknics Manufacturing Private Limited
Financial Statements
For the year ended March 31, 2019

B S R & Co. LLP

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of SGS Teknics Manufacturing Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of SGS Teknics Manufacturing Private Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, the standalone statement of profit and loss, and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 state of affairs of the Company as at 31 March 2019, and profit and its 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 Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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.

Management's Responsibility for the Standalone Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The standalone balance sheet, the standalone statement of profit and loss, and standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors 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 Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 29 to the standalone financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. 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 standalone 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 Auditor's Report under section 197(16):

The Company is a private limited company and accordingly the requirement stipulated by the provisions of Section 197(16) of the Act are not applicable to the Company.

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



Vikram Advani

Partner

Membership No.: 091765

ICAI UDIN :19091765AAAABQ7073

Place: Gurugram

Date: 10 September 2019

Annexure A referred to in our Independent Auditor's Report of even date to the members of SGS Teknics Manufacturing Private Limited on the standalone financial statements for the year ended 31 March 2019

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. In accordance with this programme, the company has performed a physical verification of all its fixed assets during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us, the company has three immovable properties. Further, according to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of two immovable properties are held in the name of SGS Teknics Private Limited. SGS Teknics Private Limited was amalgamated into the Company as per the order of the High Court of Punjab and Haryana at Chandigarh through order dated 15 September 2012.
- (ii) The inventories of the company have been physically verified by the management during the year except goods-in-transit. In our opinion, the frequency of verification is reasonable. As explained to us, no material discrepancies were noticed on verification between the physical stocks and the book records of the company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of paragraph 3 (iii) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security, to the extent applicable. Further, provisions of section 185 of the Act are not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits covered under section 73 to 76 of the Companies Act, 2013 and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section (I) of Section 148 of the Companies Act, 2013 in respect of its products and services and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of such records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' state insurance, Income-tax, Duty of customs, Goods and services tax, cess and other material statutory dues have generally been regularly deposited by the Company with the appropriate authorities, though there have been slight delays in a few cases of Income tax and Goods and Services Tax. As explained to

us, the Company did not have any dues on account of Service Tax, Duty of Excise, Sales Tax and Value Added Tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income-tax, Duty of customs, Goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2019, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, except as stated below, there are no dues in respect of Income-tax, Sales-tax, Service tax, Duty of excise, Value added tax, Duty of customs, Goods and services tax dues which have not been deposited with the appropriate authorities on account of any dispute.

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)

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any banks during the year. The Company did not have any loans or borrowings from any financial institutions, government or dues to debenture holders during the year.
- (ix) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) Since the company is a private limited company, the provision of Section 197 read with Schedule V to the Companies Act, 2013 is not applicable to the company. Accordingly, paragraph 3(xi) of the Order is not applicable.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) The company is a private limited company and accordingly the requirements as stipulated by the provisions of Section 177 of the Act are not applicable to the company. According to the information and explanations given to us, transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private

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placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

- (xv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him covered by Section 192 of the Act. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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



Vikram Advani
Partner

Membership No.: 091765
ICAI UDIN :19091765AAAABQ7073

Place: Gurugram
Date: 10 September 2019

Annexure B to the Independent Auditors' report on the standalone financial statements of SGS Teknics Manufacturing Private Limited for the period ended 31 March 2019.

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

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of SGS Teknics Manufacturing Private Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the 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 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 Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to 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 financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 Financial Statements

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

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



Vikram Advani

Partner

Membership No.: 091765
ICAI UDIN :19091765AAAABQ7073

Place: Gurugram
Date: 10 September 2019

SGS Tehnics Manufacturing Private Limited
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	2,725,696,726	2,439,237,563
		2,742,824,576	2,456,365,413
Non-current liabilities			
Long-term borrowings	5	36,129,163	53,082,042
Deferred tax liabilities (net)	6	56,797,022	48,339,464
Other long-term liabilities	7	2,806,804	2,052,875
Long-term provisions	8	16,276,481	8,619,766
		112,009,470	112,094,147
Current liabilities			
Short-term borrowings	9	479,419,625	347,753,051
Trade payables	10		
-Total outstanding dues of micro enterprises and small enterprises		35,878,271	-
-Total outstanding dues of creditors other than micro enterprises and small enterprises		592,355,408	713,974,576
Other current liabilities	11	119,084,152	164,490,346
Short-term provisions	8	12,772,159	9,647,517
		1,239,509,615	1,235,865,490
TOTAL		4,094,343,661	3,804,325,050
ASSETS			
Non-current assets			
Property, plant and equipment	12		
Tangible assets	12(a)	718,394,271	594,667,193
Intangible assets	12(b)	5,649,619	2,336,836
Goodwill	42	1,051,452,433	1,051,452,433
Non-current investments	13	127,997,109	125,693,400
Long-term loans and advances	14	51,509,300	48,149,770
Other non-current assets	15	56,750,179	2,530,275
		2,011,752,911	1,824,829,907
Current assets			
Current investments	16	243,235,110	206,747,589
Inventories	17	775,981,170	723,451,916
Trade receivables	18	869,413,379	721,412,079
Cash and bank balances	19	56,682,594	138,551,676
Short-term loans and advances	14	136,502,834	180,033,718
Other current assets	20	775,663	9,298,165
		2,082,590,750	1,979,495,143
TOTAL		4,094,343,661	3,804,325,050

Significant Accounting Policies

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

ICAI Firm Registration no.: 101248W/W-100022



Vikram Advani

Partner

Membership No.: 091765

ICAI UDIN : 19091765AAAABQ7073

Place: Gurugram

Date: 10 September 2019

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


JS Gujral
Managing Director
DIN: 00198825


Sanjiv Narayan
Chairman
DIN: 00198864

Place: Gurugram

Date: 10 September 2019

Place: Gurugram

Date: 10 September 2019


SGS Teknics Manufacturing Private Limited
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)		4,077,083,475	3,200,670,085
Less: Excise duty		-	41,464,707
Sale of products (net)		4,077,083,475	3,159,205,378
Sale of services		-	6,966,179
Other operating revenues		171,223,119	93,417,210
Total		4,248,306,594	3,259,588,767
Other income	22	78,153,851	52,023,399
Total revenue		4,326,460,445	3,311,612,166
Expenses			
Cost of materials consumed	23	3,134,232,514	2,442,896,149
Changes in inventories of finished goods, work- in- progress	24	58,419,300	(26,845,089)
Employee benefits	25	365,315,335	323,252,702
Finance costs	26	51,083,483	48,287,630
Depreciation and amortisation	27	66,026,798	55,924,395
Other expenses	28	228,814,641	186,132,289
Total expenses		3,903,892,071	3,029,648,076
Profit before exceptional items and tax		422,568,374	281,964,090
Exceptional items	43	-	-
Profit before tax		422,568,374	281,964,090
Tax expense			
Income tax expense			
-Current tax		118,820,324	79,260,619
-Previous Year		(5,622,634)	-
Deferred tax		8,457,558	23,506,744
Mat credit entitlement		-	6,910,120
Profit after tax		300,913,126	172,286,607
Earning per equity share [nominal value per share Rs 10 (previous year: Rs 10)]			
Basic and diluted	33	186.06	106.38

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 BSR & Co. LLP
Chartered Accountants
ICAI Firm Registration no.: 101248W/W-100022



Vikram Advani
Partner

Membership No.: 091765
ICAI UDIN : 19091765AAAABQ7073

Place: Gurugram
Date: 10 September 2019

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


JS Gujral
Managing Director
DIN: 00198825


Sanjiv Narayan
Chairman
DIN: 00198864

Place: Gurugram
Date: 10 September 2019

Place: Gurugram
Date: 10 September 2019

SGS Teknics Manufacturing Private Limited
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	422,568,374	281,964,090
Adjustments		
Depreciation and amortisation	66,026,798	55,924,395
Interest income	(5,513,046)	(7,431,019)
Finance costs	51,083,483	48,287,630
Dividend income	(2,717,354)	(3,063,086)
Unrealised foreign exchange differences	13,426,958	12,474,557
Mark to market loss on cross currency interest rate swaps	612,546	
Net gain on account of sale of investment	(2,802,513)	(16,401,133)
Loss/(profit) on sale of fixed assets	(55,672,059)	197,649
(Appreciation)/Diminution in value of investment	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	496,182,773	373,326,609
Changes in working capital:		
(Increase)/ decrease in trade receivables	(160,417,352)	(290,469,785)
(Increase)/ decrease in inventories	(52,529,254)	(210,000,776)
(Increase)/ decrease in long-term loans and advances	(5,020,467)	350,666
(Increase)/ decrease in short-term loans and advances	34,864,171	(17,502,531)
(Increase)/ decrease in other current assets	955,839	8,783,821
Increase/ (decrease) in trade payables	(80,023,865)	301,256,418
Increase/ (decrease) in long-term provisions	7,656,715	(1,074,371)
Increase/ (decrease) in short-term provisions	1,455,396	(2,317,943)
Increase/ (decrease) in other current liabilities	(3,417,644)	30,433,810
Increase/ (decrease) in other long-term liabilities	753,929	1,124,834
Cash generated from / (used in) operations	240,460,241	193,910,752
Income taxes (paid)	(109,867,507)	(64,189,338)
Net cash provided by operating activities (A)	130,592,734	129,721,414
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(179,964,859)	(112,420,157)
Proceeds from sale of fixed assets	44,277,697	275,001
Proceeds from sale of current investments	42,143,383	51,634,366
Purchase of current investments	(82,553,626)	(76,918,743)
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)	(167,061,280)	(180,375,226)
C. Cash flow from financing activities		
Proceeds from long-term borrowings	-	47,000,000
Repayment of long-term borrowings	(51,036,309)	(56,529,156)
Proceeds from short-term borrowings	370,707,153	201,057,547
Repayment of short-term borrowings	(240,594,561)	(102,497,403)
Interest paid	(49,262,160)	(48,279,954)
Dividend paid	(14,453,964)	(12,424,850)
Net cash provided/ (used) by financing activities (C)	15,360,159	28,326,184
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(21,108,387)	(22,327,628)
Effect of exchange differences on cash and cash equivalents held in foreign currency	(5,275,963)	-
Cash and cash equivalents at the beginning of the period	80,256,910	102,584,538
Cash and cash equivalents at the end of the year	53,872,560	80,256,910
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	53,434,815	79,945,351
	53,872,560	80,256,910

The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard-3 Cash Flow Statement prescribed under Companies (Accounting Standard) Rules, 2006.


As per our report of even date attached

For BSR & Co. LLP
Chartered Accountants
ICAI Firm Registration no.: 101248W/W-100022


Vikram Advani
Partner
Membership No.: 091765
ICAI UDIN : 19091765AAAABQ7073

Place: Gurugram
Date: 10 September 2019

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


JS Gujral
Managing Director
DIN: 00198825


Sanjiv Narayan
Director
DIN: 00198890

Place: Gurugram
Date: 10 September 2019

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1 **Background**

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

SGS Teknics 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.

2 **Significant accounting policies**

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

a) **Basis of preparation of financial statements**

The 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, as adopted consistently by the Company.

b) **Use of estimates**

The preparation of financial statement in conformity with GAAP 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.

c) **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 company'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 company'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 company 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 Company'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 realisation in cash and cash equivalents, the Company has ascertained its operating cycle upto 12 months for the purpose of current/ non-current classification of assets and liabilities.

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

The Company 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.



e) **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 Property, plant and equipment 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 rates specified in Schedule II to the Companies Act, 2013. Depreciation is provided on a pro-rata basis i.e. from the date of capitalization and till the date of disposal.

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
Airconditioning 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 Company 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.

f) **Intangible assets and amortisation**

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 Company 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, which ever 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.

g) **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 carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

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.



h) **Revenue recognition**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company 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 Company 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.

Income in respect of budgetary support under GST Regime is recognised as income in the year in which there is no significant uncertainty regarding its entitlement and ultimate collection.

i) **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.

j) **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 Company 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 Company 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.

k) **Operating and finance 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 company 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.

l) **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.



m) **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 Company makes specified monthly contributions towards Provident Fund and Employee's State Insurance which is a defined contribution plans. The Company'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

(a) 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 Company'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 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 on based on estimates.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

n) **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.

o) **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.

p) **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.

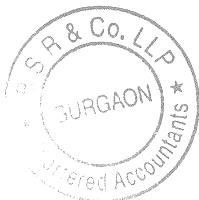
Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

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.

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.



	As at 31 March 2019	As at 31 March 2018
3 Share capital		
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
	<u>31,100,000</u>	<u>31,100,000</u>
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
	<u>17,127,850</u>	<u>17,127,850</u>

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	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
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	<u>1,612,785</u>	<u>16,127,850</u>	<u>1,612,785</u>	<u>16,127,850</u>
Preference share				
Balance at the beginning of the year	100,000	1,000,000	100,000	1,000,000
Balance at the end of the year	<u>100,000</u>	<u>1,000,000</u>	<u>100,000</u>	<u>1,000,000</u>

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. However the Board in its board meeting dated 30 September 2013 has approved the rate of dividend payable to all redeemable preference shareholders shall rank pari-passu with all existing equity shareholders. This rank shall be continuing for declaration of any dividend for future also.

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	433,156,907	433,156,907
At the end of the year (A)	<u>433,156,907</u>	<u>433,156,907</u>
Securities premium account		
At the commencement of the year	1,477,481,700	1,477,481,700
At the end of the year (B)	<u>1,477,481,700</u>	<u>1,477,481,700</u>
General reserve		
At the commencement of the year	60,000,000	50,000,000
Amount transferred from surplus in the Statement of Profit and Loss	30,000,000	10,000,000
At the end of the year (C)	<u>90,000,000</u>	<u>60,000,000</u>
Surplus in the Statement of Profit and Loss		
At the commencement of the year	468,598,956	318,737,199
Profit for the year	306,913,127	172,286,607
	<u>769,512,083</u>	<u>491,023,806</u>
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
	<u>44,453,964</u>	<u>22,424,850</u>
At the end of the year (D)	<u>725,058,119</u>	<u>468,598,956</u>
Total (A+B+C+D)	<u>2,725,696,726</u>	<u>2,439,237,563</u>

*refer to note 41



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
	<u>36,129,163</u>	<u>53,082,042</u>	<u>20,923,703</u>	<u>51,036,309</u>

* 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

Refer note 11

* Refer note 35

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

Above loans are repayable in equal/unequal months/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	74,753,075	57,515,255
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)	<u>56,797,022</u>	<u>48,339,464</u>

7 Other long-term liabilities

	As at 31 March 2019	As at 31 March 2018
Lease equalisation reserve	2,806,804	2,052,875
	<u>2,806,804</u>	<u>2,052,875</u>

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
	<u>16,276,481</u>	<u>8,619,766</u>	<u>12,772,159</u>	<u>9,647,517</u>

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
	<u>479,419,625</u>	<u>347,753,051</u>

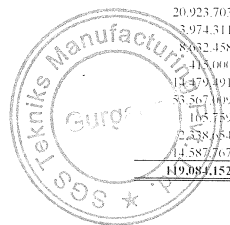
Cash credit and packing credit from bank is secured by first exclusive charge on present and future stocks and book debts of the Company, first exclusive charge by way of equitable mortgage on land and building located at Plot no. 174, Sector 4, IMT, Manesar and Plot No. 3, Block A, Info City, Gurgaon, 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 44)	35,878,271	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	592,355,408	713,974,576
	<u>628,233,680</u>	<u>713,974,576</u>

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	51,056,309
Advance from customer	3,974,311	25,070,509
Bank overdraft	8,062,458	8,062,214
Advance against assets held for sale	113,000	20,000,000
Capital creditors	14,473,491	8,562,002
Employee benefit and other dues	55,567,009	44,820,380
Interest accrued but not due on borrowings	105,759	683,090
Interest on dues to micro enterprises and small enterprises	2,538,684	-
Statutory dues	14,587,767	5,655,830
	<u>119,084,152</u>	<u>164,490,346</u>



12 Property, plant and equipment

(a) Tangible assets

Particulars	Gross block			Accumulated depreciation			Net block	
	As at April 1, 2018	As at March 31, 2019	Disposals	As at April 1, 2018	Depreciation charge for the year	On disposals	As at March 31, 2019	As at March 31, 2018
Land	16,589,514	16,589,514	-	29,895,070	-	-	16,589,514	16,589,514
Building	126,149,456	136,507,618	-	3,964,617	4,332,066	25,801	34,199,336	102,308,282
Tools and moulds	22,284,991	36,837,012	-	150,801,685	1,785,884	-	5,750,500	31,086,512
Plant and machinery	476,607,098	17,012,926	-	45,860,105	33,250,995	-	184,052,680	435,382,433
Furniture and fixtures	42,386,548	3,473,537	-	52,879,036	3,404,811	17,145	20,400,592	25,375,623
Computers	63,196,096	6,170,974	1,304,779	68,062,291	5,065,172	1,239,540	56,704,668	11,557,624
Airconditioning equipment	65,442,515	665,733	-	21,613,563	5,157,221	9,238	20,916,380	41,828,952
Electrical fittings	46,534,196	52,324,251	-	16,857,501	4,070,759	11,877	26,761,526	37,346,723
Office equipment	17,788,487	20,083,848	-	9,010,220	2,748,602	603	11,758,217	31,407,871
Vehicles	37,864,449	3,452,034	-	16,143,545	3,878,454	-	16,899,965	8,778,269
	912,843,351	1,095,838,134	1,304,779	318,176,162	63,693,964	1,304,234	377,443,864	594,667,193

Tangible assets

Particulars	Gross block			Accumulated depreciation			Net block	
	As at April 1, 2017	As at 31 March 2018	Disposals	As at April 1, 2017	Depreciation charge for the year	On disposals/ adjustments during the year	As at 31 March 2018	As at 31 March 2017
Land	17,551,018	16,589,514	-	-	-	-	-	17,551,018
Building	133,296,538	126,149,456	-	30,182,520	4,241,480	-	29,895,070	103,114,018
Tools and moulds	10,712,641	22,284,991	-	3,042,890	921,727	-	3,964,617	7,669,751
Plant and machinery	403,299,583	476,607,098	456,800	124,618,878	26,479,795	296,987	150,801,685	278,680,706
Furniture and fixtures	38,287,200	42,386,548	-	14,601,708	3,408,175	996,957	17,012,926	23,685,492
Computers	60,165,030	63,196,096	-	49,383,494	3,495,542	-	52,879,036	10,781,536
Airconditioning equipment	62,974,026	63,442,515	-	16,835,745	5,293,884	-	21,613,563	46,138,282
Electrical fittings	43,757,017	46,534,196	-	6,993,099	3,865,083	-	16,857,501	29,676,696
Office equipment	14,624,582	17,788,487	-	9,010,220	2,301,060	283,939	9,410,220	7,631,483
Vehicles	28,072,230	37,864,449	770,775	12,851,296	3,730,187	-	16,143,545	15,220,934
	812,719,865	912,843,351	1,207,575	272,579,180	53,736,931	734,925	318,176,162	594,667,193

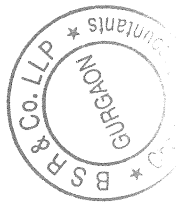
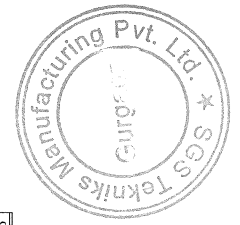
(b) Intangible assets

Particulars	Gross block			Accumulated amortisation			Net block	
	As at April 1, 2018	As at March 31, 2019	Disposals	As at April 1, 2018	Depreciation charge for the year	On disposals	As at March 31, 2019	As at March 31, 2018
Software	28,846,979	34,492,596	-	26,510,143	2,332,834	-	28,842,977	2,336,836
	28,846,979	34,492,596	-	26,510,143	2,332,834	-	28,842,977	2,336,836

Intangible assets

Particulars	Gross block			Accumulated amortisation			Net block	
	As at April 1, 2017	As at 31 March 2018	Disposals	As at April 1, 2017	Amortisation for the year	On disposals/ adjustments during the year	As at 31 March 2017	As at 31 March 2018
Software	27,730,885	28,846,979	-	24,322,679	2,187,464	-	26,510,143	3,408,206
	27,730,885	28,846,979	-	24,322,679	2,187,464	-	26,510,143	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.



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 Equity instruments of Subsidiary Companies- Unquoted		
- 11,960,000 (previous year 11,960,000) equity shares of SGS Infostystems Private Limited	119,600,000	119,600,000
- 16,500 (previous year 16,500) equity shares of SGS Solutions GmbH	1,148,400	1,148,400
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
	<u>127,997,109</u>	<u>125,693,400</u>

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	125,693,400	125,693,400

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	8,705,024	6,345,405	-	-
Other loans and advances				
-Advance to employees	-	-	1,282,885	1,751,570
-Prepaid expenses	2,660,848	-	6,733,452	2,660,572
-Advance tax [net of provision of tax Rs. 139,112,028 (previous year Rs. 59,851,409)]	35,928,428	37,475,684	-	-
-Amount paid under protest (refer note 29)	4,215,000	4,328,681	-	-
-Balance with statutory government authorities	-	-	111,941,143	156,579,648
-Advances to suppliers	-	-	15,029,900	8,859,761
-Cross currency interest rate swaps*	-	-	1,515,454	2,128,000
	<u>51,509,300</u>	<u>48,149,770</u>	<u>136,502,834</u>	<u>180,033,718</u>

* 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
	<u>56,750,179</u>	<u>2,530,275</u>



16 Current investments
 (valued at lower of cost and fair value)

- Investments in mutual funds - quoted (refer note (a) below)
 - Investment in other investments - unquoted (refer note (b) below)

As at 31 March 2019	As at 31 March 2018
209,936,188	161,963,022
33,298,922	44,784,567
243,235,110	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
Fidelweiss 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
Hdfc 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 Institutionally Option- Growth	-	-	-	-	60,065	1,000,000	1,268,706	1,000,000
HDFC Credit Risk Debt Fund (Formerly 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 - Chug	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	-	-	-	-
Hdfc 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 (SIDAG)	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 1	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 - Scheme	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)	29,808,798	38,590,822
Real Estate		
Emerald Lands Pvt. Ltd.	-	2,303,709
Pennsula Brookfield India Real Estate Fund	3,490,123	3,890,036
Total (B)	3,490,123	6,193,745
Total (A) + (B)	33,298,922	44,784,567

Quoted current investments
 Aggregate book value
 Aggregate market value
 Aggregate book value of unquoted current investments

As at 31 March 2019	As at 31 March 2018
209,936,188	162,574,813
223,728,955	172,251,093
33,298,922	44,784,567



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)]*	670,360,623	559,412,069
Work-in-progress	56,884,050	121,096,939
Finished goods [including goods-in-transit Rs. 12,624,924 (previous year Rs. Nil)]	48,736,497	42,942,908
	<u>775,981,170</u>	<u>723,451,916</u>

Details of inventory

(a) Details of raw materials

Integrated circuit (IC)	244,412,745	156,000,097
Printed circuit board (PCB)	65,295,051	60,910,722
Capacitor and Capacitor Electro	89,528,844	62,295,908
Resistor	30,844,755	23,253,504
Transistor/ Diode	44,353,055	23,423,200
Light Emitting Diode (LED) and Liquid Crystal Display (LCD)	22,078,232	31,800,955
Transformer	17,982,275	10,182,063
Battery	11,436,909	7,094,020
Soldering material, crystals, switches, fuses and other raw materials	144,428,758	184,451,600
	<u>670,360,623</u>	<u>559,412,069</u>

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	12,934,775	38,170,424
Other receivables	856,478,604	683,241,655
	<u>869,413,379</u>	<u>721,412,079</u>

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	53,434,815	79,945,351
Other bank balances	2,810,034	58,294,766
	<u>56,682,594</u>	<u>138,551,676</u>

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)	164,317	8,190,083
	<u>775,663</u>	<u>9,298,165</u>



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

21 Revenue from operations

Sale of products

Sale of manufactured products

	For the year ended 31 March 2019	For the year ended 31 March 2018
Domestic	2,861,291,236	2,118,154,755
Exports	1,215,792,239	1,082,515,330
Sale of products (gross)	4,077,083,475	3,200,670,085
Less: Excise duty	-	41,464,707
Sale of products (net)	4,077,083,475	3,159,205,378
Sale of services	-	6,966,179
Other operating revenues		
- Job work	91,446,144	70,851,498
- Sale of tools	24,636,163	13,964,506
- Incentive	55,140,812	8,601,206
	171,223,119	93,417,210

Details of sale of manufactured products

* Manufacturing goods - assemble printed circuit board	4,077,083,475	3,159,205,378
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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	5,115,498	22,070,169
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	6,333,381	929,992
	78,153,851	52,023,399

23 Cost of materials consumed

Raw materials

	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening inventory	559,412,069	376,256,382
Add: purchases (net)	3,245,181,068	2,626,051,836
	3,804,593,137	3,002,308,218
Less : Closing inventory	670,360,623	559,412,069
	3,134,232,514	2,442,896,149

Details of raw materials consumed

	For the year ended 31 March 2019	For the year ended 31 March 2018
Integrated circuit ('IC')	1,179,143,149	1,002,016,105
Printed circuit board ('PCB')	361,408,512	355,799,921
Capacitor and Capacitor Elco	301,494,812	199,609,464
Resistor	99,949,172	98,084,632
Transistor/ Diode	176,224,630	123,191,144
Light Emitting Diode ('LED') and Liquid Crystal Display ('LCD')	142,515,034	134,093,004
Transformer	135,289,773	89,126,887
Battery	65,250,927	57,694,360
Soldering material, crystals, switches, fuses and other raw materials	672,956,506	383,280,632
	3,134,232,515	2,442,896,149



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	121,096,939	98,042,071
Less: Closing Stock	56,884,050	121,096,939
Total (B)	64,212,889	(23,054,868)
Total (A+B)	58,419,300	(26,845,089)
a. Breakup of work-in-progress		
Manufacturing goods - assemble printed circuit board	48,736,497	42,942,908
b. Breakup of finished goods		
Manufacturing goods - assemble printed circuit board	56,884,050	121,096,939

25 Employee benefits

	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	341,811,763	309,305,708
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	5,950,484	5,683,031
	365,315,335	323,252,702

* 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	4,456,065	4,834,716
Total (A)	48,177,706	45,826,830
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)	51,083,483	48,287,630

27 Depreciation and amortisation

	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation on tangible assets	63,693,964	53,736,931
Amortisation of intangible assets	2,332,834	2,187,464
	66,026,798	55,924,395



SGS Teknics Manufacturing Private Limited
Notes to 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	38,833,844	33,494,088
Repair and maintenance		*
Building	2,260,278	1,673,381
Machinery	12,605,231	12,856,608
Others	3,938,056	3,003,915
Job work charges	4,952,323	5,125,372
Bank charges	9,245,931	8,400,158
Insurance	6,572,167	5,325,070
Printing and stationery	3,975,416	3,631,477
Postage and courier	4,374,975	4,276,703
Travelling and conveyance	41,362,153	23,184,247
Vehicle running and maintenance	1,413,725	2,090,323
Director's remuneration	31,850,000	36,400,000
Rates and taxes	2,556,666	580,783
Discount allowed	505,330	-
Bad debts /balance written off	4,777,818	761,734
Rent	6,552,929	6,856,334
Investment written off	4,280,282	-
Legal and professional charges	6,834,048	6,261,545
Office maintenance	11,488,734	11,343,690
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
Festival expenses	2,389,318	1,809,147
Loss on sale of property, plant and equipment (net)	-	197,649
Expenditure on corporate social responsibility	4,000,000	5,000,000
Payment to auditors (refer note no 38)		
- As auditor	1,350,000	1,350,000
- For reimbursement of expenses	492,709	364,428
Cartage and freight outgoing	4,981,047	627,647
Mark to market loss 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	175,239	424,555
Development charges	2,759,823	3,012,642
Miscellaneous expenses	183,625	89,173
	228,814,641	186,132,289



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rupees, unless otherwise stated)

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



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED

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

*(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:

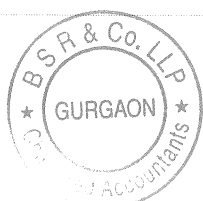
Description of relationship	Name of the related party
Key managerial personnel	Mr. Sanjiv Narayan (Director and shareholder)
	Mr. J.S. Gujral (Director and shareholder)
	Mr. R.S. Lonial (Director and shareholder)
	Mr. K.K. Pant (Director and shareholder)
Subsidiary Company	SGS Solutions GmbH, Germany
	SGS Infosystems Private Limited, India
Associate Company	Eltex 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
Sale of manufactured products		
- SGS Solutions GmbH	27,696,218	15,609,727
Sale of tools		
- SGS Solutions GmbH	1,172,741	73,182
Purchase of manufacturing Products		
- SGS Solutions GmbH	787,947	-
Expenditure incurred on our behalf		
Development charges		
- SGS Solutions GmbH	205,126	143,607



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rupees, unless otherwise stated)

Miscellaneous income		
- SGS Solutions GmbH	859,362	822,493
Rent paid (excluding taxes)		
- SGS Infosystems Private Limited	1,800,000	* 1,800,000
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

d) Outstanding balance as at year end

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Receivables		
- SGS Solutions GMBH	16,430,404	7,718,793
Payables		
- SGS Infosystems Private Limited	810,000	436,000

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. 6,552,929 (previous year 6,856,334).

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

Particulars	As at 31 March 2019	As at 31 March 2018
Payable within one year	1,935,671	5,766,900
Payable between one year and five years	7,942,725	7,806,088
Payable more than five years	4,271,636	6,355,361
Total	14,150,032	19,928,349



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED

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

(All amounts in Indian Rupees, unless otherwise stated)

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	300,913,126	172,286,607
Less: Dividend on 10% redeemable non-cumulative (including Dividend distribution tax)	8,43,886	725,417
Net profit attributable to equity shareholders	300,069,240	171,561,190
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.	186.06	106.38

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

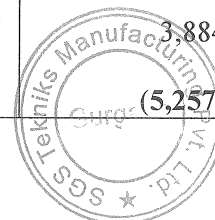
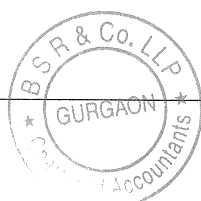
Leave encashment plan: The Company has leave encashment plan wherein every employee is entitled to 15 days earned leaves in a year and accumulation can go upto any extend. Leaves are encashable at time of exit, at the last drawn basic salary.

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.

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)



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rupees, unless otherwise stated)

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

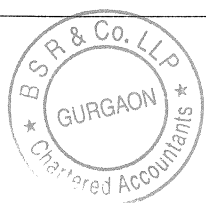
Particulars	As at 31 March 2019	As at 31 March 2018
Opening defined benefit obligation	9,141,981	8,817,430
Current service cost	1,857,319	1,500,496
Interest cost	708,504	683,351
Actuarial loss/(gain)	3,324,472	(1,051,835)
Benefits paid	(791,106)	(807,461)
Closing balance of defined benefit obligation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

- d) Composition of Planned Assets:

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



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rupees, unless otherwise stated)

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

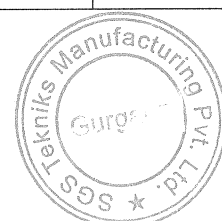
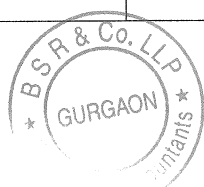
Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Current service cost	1,857,319	1,500,496
Interest cost	708,504	683,351
Expected return on plan assets	(301,057)	(275,231)
Net actuarial loss/(gain) recognized during the year	3,489,926	(942,307)
Total (included in "Employee benefits expense")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



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED

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

(All amounts in Indian Rupees, unless otherwise stated)

- 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.



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED

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

*(All amounts in Indian Rupees, unless otherwise stated)***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	1,368,196	103,887,102	993,279	78,508,797
US Dollar	1,648,998	111,785,598	1,873,868	119,515,303
Payables including capital creditors				
Euro	467,206	37,105,539	398,314	32,777,271
US Dollar	4,198,568	296,544,865	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



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED

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

*(All amounts in Indian Rupees, unless otherwise stated)***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%	14 th June 2021	87,617
Term Loan in foreign currency	70391836	111,285	7,860,043	6 Months LIBOR Plus 1.45%	9.25%	28 th Apr 2022	402,897
Term Loan in foreign currency	70391793	333,852	23,579,979	Overnight LIBOR Plus 1.45%	9.25%	28 th 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.



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED

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

*(All amounts in Indian Rupees, unless otherwise stated)***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	1,225,358,393	-	4,248,306,594
Segment assets	3,828,172,431	226,027,802	40,143,428	4,094,343,667
Capital expenditure	60,673,554	132,557,974	-	193,231,528

Particulars	India 2017-18	Outside India 2017-18	Unallocated 2017-18	Total
Segment revenue	2,173,434,645	1,086,154,122	-	3,259,588,767
Segment assets	3,109,161,436	653,359,249	41,804,365	3,804,325,050
Capital expenditure	89,639,056	28,403,206	-	118,042,263

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.



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED
 Notes to Financial Statements for the year ended March 31, 2019
 (All amounts in Indian Rupees, unless otherwise stated)

(ii) Segment revenue

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. Earnings in foreign currency

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from operations	1,225,358,393	1,086,154,122
Miscellaneous income	859,362	-

38. Expenditure in foreign currency

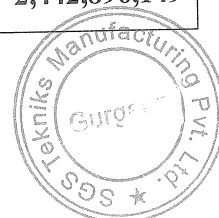
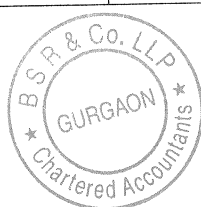
Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Travelling and conveyance	7,784,260	10,111,809

39. Value of imports on CIF basis

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Raw materials	1,795,953,028	1,378,043,440
Capital goods	132,557,974	61,190,000

40. Details of imported and indigenous raw materials consumed during the financial year

Particulars	For the year ended 31 March 2019		For the year ended 31 March 2018	
	Percentage	Amount	Percentage	Amount
Raw materials				
Imported	55.80%	1,748,901,743	53.45%	1,305,727,991
Indigenous	44.20%	1,385,330,771	46.55%	1,137,168,158
Total	100.00%	3,134,232,514	100.00%	2,442,896,149



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED
Notes to Financial Statements for the year ended March 31, 2019
(All amounts in Indian Rupees, unless otherwise stated)

41. 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
<i>Dividend on 10% redeemable non-cumulative preference shares</i>		
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.

42. 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 Teknics Manufacturing Pvt Ltd with SGS Teknics 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.



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED

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

(All amounts in Indian Rupees, unless otherwise stated)

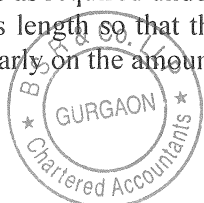
43. The Company has its Research and Development department (“R&D”) at domestic and export units for doing research of new product as per requirement of the customer. It has incurred the expenses on R & D under following head of expenses during the year:

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

44. 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	-
(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.	-	-

45. 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.



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED

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

(All amounts in Indian Rupees, unless otherwise stated)

46. 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.

As per our report of even date attached

*For B S R & Co. LLP
Chartered Accountants*

ICAI Firm Registration no.: 101248W/W-100022

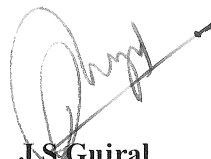


Vikram Advani
Partner

Membership No.: 091765
ICAI UDIN : 19091765AAAABQ7073

Place: Gurugram
Date : 10 September 2019

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



J.S. Gujral
Managing Director

DIN - 00198825

Place: Gurugram
Date: 10 September 2019



Sanjiv Narayan
Chairman

DIN - 00198864

Place: Gurugram
Date: 10 September 2019