

B S R & Co. LLP

Chartered Accountants

B S R & Co. LLP

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INDEPENDENT AUDITORS' REPORT

To the Members of SGS Tekniks Manufacturing Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of SGS Tekniks Manufacturing Private Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, 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 2020, 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 on the Standalone financial statements.

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 Directors Report, but does not include the standalone financial statements and our auditors' 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Management's and Board of Directors' 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 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, the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The 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 auditors' 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 in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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 auditors' 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 (Auditors' 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 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial 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 Auditors' 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:



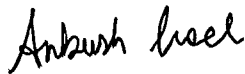
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- i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 29 to the standalone financial statements
- ii. The Company did not have any long-term 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 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

The Company is a private limited company and accordingly the requirements 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



Ankush Goel
Partner

Membership No.:505121
ICAI UDIN : 20505121AAAAAS1419

Place: Gurugram
Date: 14 September 2020

Annexure A to the Independent Auditors' Report on the Standalone financial statements of SGS Tekniks Manufacturing Private Limited as of and for the year ended 31 March 2020

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date to the financial statements of the Company for the year ended 31 March 2020)

- (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.
- (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 Tekniks Private Limited, which 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.

Location of Asset	Whether leasehold/freehold	Gross block	Net Block
Plot No 3, Block A, Infocity, Gurugram, Haryana	Freehold Land	9,665,104	9,665,104
Plot No. 88, Industrial Area, Baddi, District Solan, Himachal Pradesh	Freehold Land	4,068,374	4,068,374

- (ii) The physical verification of inventory (excluding goods -in- transit) has been carried out by the management subsequent to the year-end due to the lockdown restrictions imposed by the Government of India for which roll-back procedures have been performed to determine the existence and condition of inventory as at the year-end. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- (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, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company.

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- (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 Professional tax and Labour Welfare and serious delays in Income tax and in Provident fund. 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 2020, for a period of more than six months from the date they became payable except as below:-

Name of the Statute	Nature of the dues	Amount (INR)	Period to which it relates	Due date	Date of Payment
Employees' Provident Funds Act, 1952	Late payment of Provident Fund	585,796	F.Y 2019-20	Multiple	03 September 2020
Income tax Act, 1961	Interest on late payment of Income Tax	433,178	F.Y 2019-20	15 September 2020	Unpaid

- (b) According to the information and explanations given to us, 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 except as stated below:-

Name of the Statute	Nature of the dues	Assessment year to which it relates	Amount disputed	Amount paid under protest	From where dispute is pending
Income tax Act, 1961	Deemed Dividend and other Disallowances	2006-07	3,006,260	4,015,000	Assessing Officer

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Income tax Act, 1961	TDS credit Mismatch	2015-16	278,540	-	Assessing Officer
Income tax Act, 1961	Disallowances	2016-17	910,118	200,000	Commissioner of Income Tax (A)
Income tax Act, 1961	Disallowance	2017-18	918,415	-	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 year.
- (xi) The company is a private limited company, hence Section 197 of the Act 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 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 as referred to in Section 192 of the Act. Accordingly, paragraph 3(xv) of the Order is not applicable.

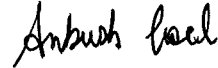
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- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022



Ankush Goel

Partner

Membership No.: 505121

ICAI UDIN : 20505121AAAAAS1419

Place: Gurugram

Date: 14 September 2020

Annexure B to the Independent Auditors' report on the standalone financial statements of SGS Teknics Manufacturing Private Limited for the year ended 31 March 2020

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 2020 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 2020, 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.



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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.

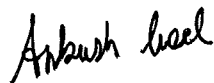
Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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



Ankush Goel

Partner

Membership No.:505121

ICAI UDIN : 20505121AAAAAS1419

Place: Gurugram

Date: 14 September 2020

SGS Teknics Manufacturing Private Limited
Balance sheet as at 31 March 2020
(All amounts are in Indian rupees, unless otherwise stated)

	Note	As at 31 March 2020	As at 31 March 2019
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	17,127,850	17,127,850
Reserves and surplus	4	3,063,854,387	2,725,696,726
		3,080,982,237	2,742,824,576
Non-current liabilities			
Long-term borrowings	5	25,316,490	36,129,163
Deferred tax liabilities (net)	6	43,184,243	56,797,022
Other long-term liabilities	7	3,342,485	2,806,804
Long-term provisions	8	22,603,606	16,276,481
		94,446,824	112,009,470
Current liabilities			
Short-term borrowings	9	191,146,365	479,419,625
Trade payables	10		
-Total outstanding dues of micro enterprises and small enterprises		30,294,475	35,878,271
-Total outstanding dues of creditors other than micro enterprises and small enterprises		504,904,638	592,355,408
Other current liabilities	11	147,219,795	119,084,152
Short-term provisions	8	27,430,163	12,772,159
		900,995,436	1,239,509,615
TOTAL		4,076,424,497	4,094,343,661
ASSETS			
Non-current assets			
Property, plant and equipment	12		
Tangible assets	12(a)	807,850,728	718,394,271
Intangible assets	12(b)	4,441,708	5,649,619
Capital working in progress	12(c)	10,315,301	-
Goodwill	42	1,051,452,433	1,051,452,433
Non-current investments	13	147,997,109	127,997,109
Long-term loans and advances	14	55,550,483	51,509,300
Other non-current assets	15	1,607,866	56,750,179
		2,079,215,628	2,011,752,911
Current assets			
Current investments	16	257,139,202	243,235,110
Inventories	17	711,627,273	775,981,170
Trade receivables	18	657,971,002	869,413,379
Cash and bank balances	19	234,415,305	56,682,594
Short-term loans and advances	14	131,959,222	136,502,834
Other current assets	20	4,096,865	775,663
		1,997,208,869	2,082,590,750
TOTAL		4,076,424,497	4,094,343,661

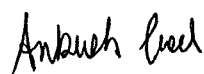
Significant Accounting Policies

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

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As per our report of even date attached

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



Ankush Goel
Partner
Membership No.: 505121
ICAI UDIN : 20505121AAAAAS1419

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


J. Gujral
Chairman
DIN: 00198825


Ranjeet Singh Lonial
Managing Director
DIN: 00198890

Place: Gurugram
Date: 14 September 2020

Place: Gurugram
Date: 14 September 2020

Place: Gurugram
Date: 14 September 2020

SGS Tekniks Manufacturing Private Limited
Statement of Profit and Loss for the year ended 31 March 2020
(All amounts are in Indian Rupees, unless otherwise stated)

	Note	<u>For the year ended 31 March 2020</u>	<u>For the year ended 31 March 2019</u>
Revenue from operations	21	4,150,014,884	4,193,165,782
Other income	22	117,462,679	133,294,663
Total revenue		<u>4,267,477,563</u>	<u>4,326,460,445</u>
Expenses			
Cost of materials consumed	23	3,169,229,646	3,134,232,514
Changes in inventories of finished goods, work- in- progress	24	(109,232,281)	58,419,300
Employee benefits	25	447,371,254	397,165,335
Finance costs	26	41,127,466	51,083,483
Depreciation and amortisation	27	76,284,161	66,026,798
Other expenses	28	188,247,755	196,964,641
Total expenses		<u>3,813,028,001</u>	<u>3,903,892,071</u>
Profit before tax		<u>454,449,562</u>	<u>422,568,374</u>
Tax expense			
Income tax expense			
-Current tax		114,901,183	118,820,324
-Previous Year		(6,677,448)	(5,622,634)
Deferred tax		(13,612,780)	8,457,558
Profit after tax		<u>359,838,607</u>	<u>300,913,126</u>
Earning per equity share [nominal value per share Rs 10 (previous year: Rs 10)]		222.33	186.06
Basic and diluted	33		

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

As per our report of even date attached

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



Ankush Goel
Partner
Membership No.: 505121
ICAI UDIN : 20505121AAAAAS1419

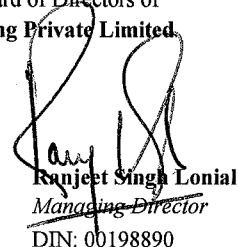
Place: Gurugram
Date: 14 September 2020

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



J S Gujral
Chairman
DIN: 00198825

Place: Gurugram
Date: 14 September 2020



Ranjeet Singh Lonial
Managing Director
DIN: 00198890

Place: Gurugram
Date: 14 September 2020

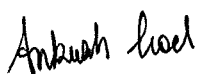
SGS Teknics Manufacturing Private Limited
Cash Flow Statement for the year ended 31 March 2020
(All amounts are in Indian rupees, unless otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
A. Cash flow from operating activities		
Profit before tax	454,449,562	422,568,374
Adjustments		
Depreciation and amortisation	76,284,161	66,026,798
Interest income	(4,457,325)	(5,513,046)
Finance costs	41,127,466	51,083,483
Dividend income	(3,702,072)	(2,717,354)
Unrealised foreign exchange differences	7,877,624	13,426,958
Mark to market profit on cross currency interest rate swaps	(8,216,166)	612,546
Net gain on account of sale of investment	(20,235,462)	(2,802,513)
Profit on sale of fixed assets	(443,058)	(55,672,059)
Diminution in value of investment	6,750,452	111,486
Investment written off	-	4,280,282
Bad debts /balance written off	3,895,883	4,777,818
Operating cash flow before working capital changes	553,331,065	496,182,773
Changes in working capital:		
Decrease / (Increase) in trade receivables	224,105,949	(160,417,352)
Decrease / (Increase) in inventories	64,353,897	(52,529,254)
(Increase) in long-term loans and advances	(4,039,538)	(5,020,467)
Decrease in short-term loans and advances	12,759,778	34,864,171
Decrease in other current assets	63,600	955,839
(Decrease) in trade payables	(99,365,588)	(80,023,865)
Increase in long-term provisions	6,327,125	7,656,715
Increase in short-term provisions	1,604,009	1,455,396
Increase / (decrease) in other current liabilities	12,990,397	(3,417,644)
Increase in other long-term liabilities	535,681	753,929
Cash generated from operations	772,666,375	240,460,241
Income taxes (paid)	(95,171,386)	(109,867,507)
Net cash provided by operating activities (A)	677,494,989	130,592,734
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(162,739,137)	(179,964,859)
Proceeds from sale of fixed assets	356,692	44,277,697
Purchase of non - current Investments	(20,000,000)	-
Proceeds from sale of current investments	139,148,100	42,143,383
Purchase of current investments	(139,567,183)	(82,553,626)
Fixed deposits matured	1,240,183	114,362,052
Fixed deposits made	(443,213)	(113,097,224)
Interest received	908,206	5,053,943
Dividend received	3,702,072	2,717,354
Net cash used in investing activities (B)	(177,394,280)	(167,061,280)
C. Cash flow from financing activities		
Repayment of long-term borrowings	(11,427,840)	(51,036,309)
Proceeds from short-term borrowings	325,480,273	370,707,153
Repayment of short-term borrowings	(625,130,184)	(240,594,561)
Interest paid	(42,736,525)	(49,262,160)
Dividend paid	(21,680,946)	(14,453,964)
Net cash (used) / generated by financing activities (C)	(375,495,222)	15,360,159
Net increase / (decrease) in cash and cash equivalents (A+B+C)	124,605,487	(21,108,387)
Effect of exchange differences on cash and cash equivalents held in foreign currency	(1,218,119)	(5,275,963)
Cash and cash equivalents at the beginning of the period	53,872,560	80,256,910
Cash and cash equivalents at the end of the year	177,259,928	53,872,560
Cash and cash equivalents at the end of the year (refer note 19):		
- Cash on hand	611,326	437,745
- Balances with banks		
- on current accounts	170,039,617	53,434,815
- Cheques in hand	6,608,985	-
	177,259,928	53,872,560

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


Ankush Goel

Partner
Membership No.: 505121
ICAI UDIN : 20505121AAAAAS1419

Place: Gurugram
Date: 14 September 2020

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


J S Gujral
Chairman
DIN: 00198825


Ranjeet Singh Lohal
Managing Director
DIN: 00198890

Place: Gurugram
Date: 14 September 2020

Place: Gurugram
Date: 14 September 2020

SGS Teknics Manufacturing Private Limited
Notes to the Standalone financial statements for the year ended 31 March 2020

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 goods and related services.

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.

The Company believes that the estimates used in preparation of financial statements are reasonable and management has made assumptions about the possible effects of COVID-19 pandemic on significant accounting judgement and estimates. Although these estimates and assumptions are based upon management's best knowledge of current events and actions, as of the date of approval of financial statements, actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in the Company's financial statements, refer note 47.

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.

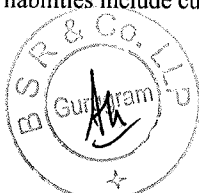
Liabilities

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.



SGS Teknics Manufacturing Private Limited

Notes to the Standalone financial statements for the year ended 31 March 2020

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

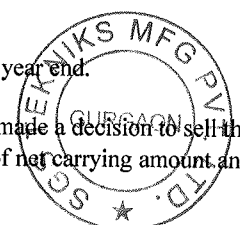
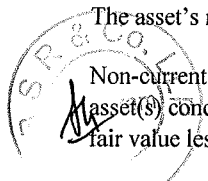
Depreciation on Property, plant and equipment is provided under the straight-line method over the estimated useful life of the assets, as estimated by the management, at rates which are equal to the rates specified in Schedule II to the Companies Act, 2013. Depreciation is provided on a pro-rata basis 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.



SGS Teknics Manufacturing Private Limited

Notes to the Standalone financial statements for the year ended 31 March 2020

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, whichever is lower. Goodwill that arises as per merger scheme or on the acquisition of a business is presented as an intangible asset. As per the merger scheme, Goodwill is tested for impairment annually (refer note - 42).

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 and 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

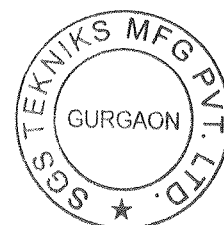
Income from services rendered is recognised as per the terms agreed with the customers once the service is performed in proportion to the stage of completion of the transaction at the reporting date and the amount of revenue can be measured reliably.

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

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 other tax incentives is recognised as income in the year in which the sale is recorded and when there is no significant uncertainty regarding its entitlement and ultimate collection.



SGS Teknics Manufacturing Private Limited

Notes to the Standalone financial statements for the year ended 31 March 2020

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.

The Company uses derivatives / currency swaps to hedge its foreign currency risk exposures. In accordance with the Guidance Note on Accounting of Derivate Contracts issued by the Institute of Chartered Accounts of India, the Company recognise all outstanding open derivative contracts at its fair value in Balance Sheet with changes being recognised in Statement of Profit and Loss.

j) Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in profit or loss except that tax expense related to items recognised directly in reserves is also recognised in those reserves.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

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

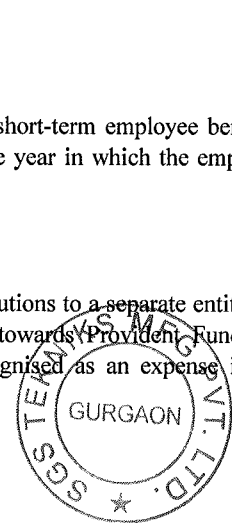
Short-term employee benefits

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 Employees 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.



SGS Teknics Manufacturing Private Limited

Notes to the Standalone financial statements for the year ended 31 March 2020

Defined benefit plans

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

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

Annual contributions are made to the employee's gratuity fund, established with the LIC (Plan asset) every 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.

Long term employee benefits : Benefits under the Company's leave encashment scheme are classified under 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. The liability in respect of long term employee benefits 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.

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 of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. 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.

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

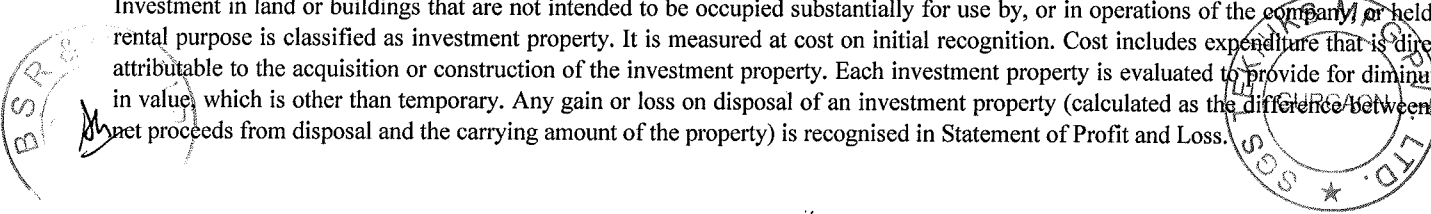
Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments.

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.

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.



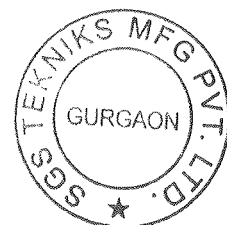
SGS Teknics Manufacturing Private Limited

Notes to the Standalone financial statements for the year ended 31 March 2020

q) Segment Reporting

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

The Company is a single operating unit and engaged in business of providing electronic manufacturing goods and related services and therefore, has only one reportable business segment. The Company provides its electronic manufacturing services and goods to many customers in India and Outside India. Considering the size and proportion of export sales to local sales, the Company considers sales within the country and outside India as two geographical segments. Information of geographical segment is based on the geographical location of the customers.



	As at 31 March 2020	As at 31 March 2019
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 2020		As at 31 March 2019	
	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 2020		As at 31 March 2019	
	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:

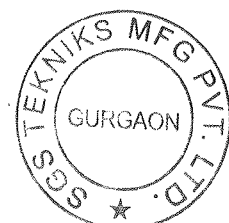
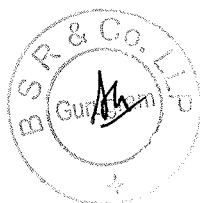
The Company has neither issued any bonus shares, nor issued shares for consideration other than cash nor bought back any equity shares during the period of five years immediately preceding the reporting date.

4 Reserves and surplus

	As at 31 March 2020	As at 31 March 2019
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	90,000,000	60,000,000
Amount transferred from surplus in the Statement of Profit and Loss	-	30,000,000
At the end of the year (C)	<u>90,000,000</u>	<u>90,000,000</u>
Surplus in the Statement of Profit and Loss		
At the commencement of the year	725,058,119	468,598,956
Profit for the year	359,838,607	300,913,127
	<u>1,084,896,726</u>	<u>769,512,083</u>
Less: Appropriations		
-Dividend on equity shares for the year*	16,934,244	11,289,500
-Dividend distribution tax on equity shares for the year*	3,480,872	2,320,578
-Dividend on 10% redeemable non-cumulative preference shares for the year*	1,050,000	700,000
-Dividend distribution tax on preference shares for the year*	215,830	143,886
-Transfer to general reserve	-	30,000,000
	<u>21,680,946</u>	<u>44,453,964</u>
At the end of the year (D)	<u>1,063,215,780</u>	<u>725,058,119</u>
Total (A+B+C+D)	<u>3,063,854,387</u>	<u>2,725,696,726</u>

Created as a result of merger scheme, between SGS Teknics Manufacturing Private Limited, SGS Holding & Leasing Private Limited and SGS Infotech Private Limited in the year ended 31 March 2012.

* refer to note 41.



5 Long-term borrowings (secured)

	Non-current portion		Current portion	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Secured				
-Term loan (from bank)**	15,709,842	34,894,332	21,536,202 #	20,176,492
-Vehicle loan (from bank)**	9,606,648	1,234,831	3,718,378	747,211
	<u>25,316,490</u>	<u>36,129,163</u>	<u>25,254,580</u>	<u>20,923,703</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 monthly/ quarterly instalments as follows:

Term Loan:

Repayable within 1 year
Repayable within 1 - 3 year

Vehicle Loan:

Repayable within 1 year
Repayable within 1 - 3 year

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 2020	As at 31 March 2019
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	57,642,278	74,753,075
Mark to market gain on cross currency interest rate swaps	2,449,254	529,560
Deferred tax assets		
Expenditure covered by section 43B of Income-tax Act, 1961	16,066,052	17,380,086
Long term capital loss	-	124,717
Others	841,237	980,810
	<u>43,184,243</u>	<u>56,797,022</u>
Deferred tax liabilities (net)		

7 Other long-term liabilities

	As at 31 March 2020	As at 31 March 2019
Lease equalisation reserve	3,342,485	2,806,804
	<u>3,342,485</u>	<u>2,806,804</u>

8 Provisions

Particulars	Long-term provision		Short-term provision	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Provisions for employee benefits				
- Provision for gratuity (refer to Note 34)	12,403,499	8,920,558	2,975,927	1,591,504
- Provision for compensated absences	10,200,107	7,355,923	2,252,624	2,033,038
Provision for income tax [net of advance tax Rs. 207,150,225- (previous year 109,022,708)]	-	-	22,201,612	9,147,617
	<u>22,603,606</u>	<u>16,276,481</u>	<u>27,430,163</u>	<u>12,772,159</u>

9 Short-term borrowings

Particulars	As at 31 March 2020	As at 31 March 2019
Loans repayable on demand		
Working capital loans from bank (secured)	-	400,830,494
- Cash credit	159,324,246	-
- Working capital loan	31,822,119	78,589,131
- Packing credit in foreign currency	191,146,365	479,419,625

Cash credit, working capital loan 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 2020	As at 31 March 2019
Total outstanding dues of micro enterprises and small enterprises (refer note 44)	30,294,475	35,878,271
Total outstanding dues of creditors other than micro enterprises and small enterprises	504,904,638	592,355,408
	<u>535,199,113</u>	<u>628,233,679</u>

11 Other current liabilities

	As at 31 March 2020	As at 31 March 2019
To parties other than related parties		
Current maturities of long-term debt (refer note 5)	25,254,580	20,923,703
Advance from customer	19,492,655	3,974,311
Book overdraft	-	8,632,458
Advance against assets held for sale	-	415,000
Capital creditors	27,317,919	14,479,491
Employee benefit and other dues	61,427,519	53,567,009
Interest accrued but not due on borrowings	895,354	165,759
Interest on dues to micro enterprises and small enterprises	-	2,338,634
Statutory dues	12,831,768	14,587,767
Unrealised MTM loss payables on derivative contracts	-	-
	<u>147,219,795</u>	<u>119,084,152</u>



12 Property, plant and equipment

(a) Tangible assets

Particulars	Gross block				Accumulated depreciation			Net block	
	As at 01 April 2019	Additions	Disposals	As at 31 March 2020	As at 01 April 2019	Depreciation charge for the year	On disposals	As at 31 March 2020	As at 31 March 2019
Freehold Land**	16,589,514	-	-	16,589,514	-	-	-	16,589,514	16,589,514
Building*	136,507,618	28,820,354	-	165,327,972	34,199,336	4,943,701	-	39,143,037	126,184,935
Tools and moulds	36,837,012	15,721,331	-	52,558,343	5,750,500	2,800,030	-	8,550,530	44,007,813
Plant and machinery*	617,435,113	78,229,031	-	695,664,144	184,052,680	39,272,526	-	223,325,206	472,338,938
Furniture and fixtures	45,860,105	3,876,602	-	49,736,707	20,400,592	3,666,512	-	25,669,603	25,459,513
Computers	68,062,291	5,201,622	-	73,263,913	56,704,668	5,157,263	-	61,861,931	11,401,982
Airconditioning equipment	64,108,249	262,350	-	64,370,599	26,761,526	5,192,990	-	32,416,083	31,954,516
Electrical fittings	52,324,251	5,660,215	-	57,984,466	20,916,380	4,863,805	-	25,780,185	32,204,281
Office equipment	20,083,848	3,415,718	-	23,499,566	11,758,217	2,950,449	-	14,708,666	8,790,900
Vehicles*	38,030,133	22,058,994	3,286,350	56,802,777	16,899,965	4,778,166	3,122,033	18,556,098	38,246,679
	1,095,838,134	163,246,217	3,286,350	1,255,798,001	377,443,864	73,625,442	3,122,033	447,947,273	807,850,728

Tangible assets

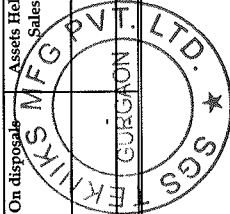
Particulars	Gross block				Accumulated depreciation			Net block	
	As at April 1, 2018	Additions	Disposals	As at March 31, 2019	As at April 1, 2018	Depreciation charge for the year	On disposals	As at March 31, 2019	As at March 31, 2018
Freehold Land**	16,589,514	-	-	16,589,514	-	-	-	16,589,514	16,589,514
Building*	126,149,456	10,358,162	-	136,507,618	29,893,070	4,332,066	25,801	34,199,336	96,256,387
Tools and moulds	22,284,991	14,552,022	-	36,837,012	3,964,617	1,785,884	-	5,750,500	18,320,374
Plant and machinery*	476,607,098	140,828,015	-	617,435,113	150,801,685	33,250,995	-	184,052,680	433,382,433
Furniture and fixtures	42,386,548	3,473,557	-	45,860,105	17,012,926	3,404,811	17,145	20,400,592	25,459,513
Computers	63,196,096	6,170,974	1,304,779	68,062,291	52,879,036	5,065,172	1,239,540	56,704,668	11,357,624
Airconditioning equipment	63,442,515	665,733	-	64,108,249	21,613,563	9,258	9,258	26,761,526	41,828,952
Electrical fittings	46,534,196	5,790,055	-	52,324,251	16,857,501	4,070,759	11,877	20,916,380	31,407,871
Office equipment	17,788,487	2,295,360	-	20,083,848	9,010,220	2,748,602	603	11,758,217	8,778,269
Vehicles*	37,864,449	3,452,034	-	38,030,133	16,143,545	3,878,454	-	16,899,965	21,130,168
	912,843,351	187,585,912	1,304,779	1,095,838,134	318,176,162	63,693,964	1,304,224	377,443,864	718,394,271

(b) Intangible assets

Particulars	Gross block				Accumulated amortisation			Net block	
	As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at April 1, 2019	Depreciation charge for the year	On disposals	As at March 31, 2020	As at March 31, 2019
Software	34,492,596	1,450,808	-	35,943,404	28,842,977	2,658,719	-	31,501,696	5,649,619
	34,492,596	1,450,808	-	35,943,404	28,842,977	2,658,719	-	31,501,696	5,649,619

Intangible assets

Particulars	Gross block				Accumulated amortisation			Net block	
	As at April 1, 2018	Additions	Disposals	As at March 31, 2019	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	5,645,617	-	34,492,596	26,510,143	2,332,834	-	28,842,977	2,336,836
	28,846,979	5,645,617	-	34,492,596	26,510,143	2,332,834	-	28,842,977	2,336,836



(c) Capital work-in progress

Particulars	Gross block			
	As at April 1, 2019	Additions	Assets Held for Sale #	Disposals
Capital WIP	-	10,315,301		
		10,315,301		
				As at March 31, 2020
				10,315,301
				10,315,301

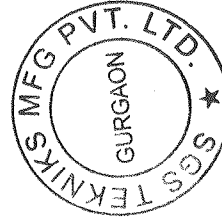
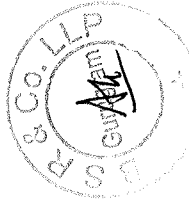
Capital work-in progress

Particulars	Gross block			
	As at April 1, 2018	Additions	Assets Held for Sale #	Disposals
Capital WIP	-	-		
				As at March 31, 2019
				-
				-

* Refer Note 5 regarding securities given against borrowings

During the previous year, the asset

^ Title deed of Plot No 3, Block A, Infocity, Gurugram, Haryana and Plot No. 88, Industrial Area, Baddi, District Solan, Himachal Pradesh are held in the name of SGS Teknics Private Limited.



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

	As at 31 March 2020	As at 31 March 2019
Investment Property (at cost)	2,303,709	2,303,709
Investment in Equity instruments of Subsidiary Companies- Unquoted	119,600,000	119,600,000
- 11,960,000 (previous year 11,960,000) equity shares of SGS Infosystems Private Limited	1,148,400	1,148,400
- 16,500 (previous year 16,500) equity shares of SGS Solutions GmbH		
Investment in debentures or bonds	4,945,000	4,945,000
- 4945 @ INR 1000 each (previous year 4945 @ INR 1000 each) National Highways Authority of India Gain Bonds- 54 EC Capital	20,000,000	-
-200 @ INR 100,000 each Citicorp Finance India Limited, debentures		
	<u>147,997,109</u>	<u>127,997,109</u>

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

Aggregate book value of unquoted non-current investments

	As at 31 March 2020	As at 31 March 2019
	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 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
To parties other than related parties				
Capital advance	1,311,876	-	-	-
Security deposits	11,250,588	8,705,024	-	-
Other loans and advances	-	-	1,865,284	1,282,885
-Advance to employees	2,842,946	2,660,848	4,146,049	6,733,452
-Prepaid expenses	-	-	-	-
-Advance tax [net of provision of tax Rs. 128,804,781 (previous year Rs. 139,112,028)]	4,215,000	4,215,000	-	-
-Amount paid under protest (refer note 29)	-	-	102,673,913	111,941,143
-Balance with statutory government authorities	-	-	13,542,357	15,029,900
-Advances to suppliers	-	-	9,731,619	1,515,454
-Cross currency interest rate swaps*	-	-	-	-
	<u>55,550,483</u>	<u>51,509,300</u>	<u>131,959,222</u>	<u>136,502,834</u>

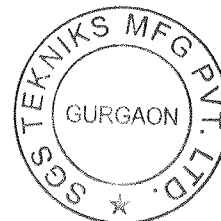
* represents fair value of the derivative contracts undertaken to hedge the foreign currency related to term loan and working capital loan and interest rates.

15 Other non-current assets

Banks deposits (due to mature after 12 months from the reporting date)*

	As at 31 March 2020	As at 31 March 2019
	1,607,866	56,750,179
	<u>1,607,866</u>	<u>56,750,179</u>

* Fixed Deposits of INR 110,492 under lien for Performance Bank Guarantees issued to customers.



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 2020	As at 31 March 2019
218,180,999	209,936,188
38,958,203	33,298,922
257,139,202	243,235,110

Note (a)

Quoted	As at 31 March 2020				As at 31 March 2019			
	Units	Cost	NAV at 31 March 2020	Lower of cost and fair value	Units	Cost	NAV at 31 March 2019	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
Edelweiss Arbitrage Fund Dividend	978,136	10,149,055	10,494,906	10,149,055	946,358	9,810,642	9,883,950	9,810,642
Icici Prudential Banking And Psu Debt Fund	1,542,113	15,930,132	16,283,637	15,930,132	1,447,747	14,926,043	15,326,861	14,926,043
Icici Bond Fund- Short Term Plan Fortnightly Dividend-(Direct Plan)	2,907,849	29,821,786	29,815,047	29,815,047	2,726,146	27,958,729	28,077,120	27,958,729
HDFC Credit Risk Debt Fund (Formerly Known as Hdfc Corporate Debt Opportunities Fund Regular Plan Growth)##	975,069	12,500,000	16,231,092	12,500,000	975,069	12,500,000	14,874,771	12,500,000
ICICI Prudential Medium Term Bond Fund - Growth	-	-	-	-	299,656	7,500,000	8,524,923	7,500,000
L&T Resurgent India Bond Fund Growth	-	-	-	-	785,931	9,500,000	10,692,120	9,500,000
L&T Short Term Income Fund - Growth	421,924	7,500,000	8,853,025	7,500,000	421,924	7,500,000	8,452,577	7,500,000
Nippon Equity Savings Fund- Direct Growth Plan - Esag	-	-	-	-	1,514,467	20,000,000	20,218,288	20,000,000
Nippon Equity Savings Fund- Direct Growth Plan - Cbag	-	-	-	-	1,015,876	14,500,000	15,598,680	14,500,000
Franklin India Short Term Income Plan - Growth	4,197	16,000,000	16,082,307	16,000,000	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
Icici Bond Fund-Short Term Plan- Growth	465,004	18,000,000	19,317,552	18,000,000	80,046	3,000,000	3,048,116	3,000,000
Axis Banking & Psu Debt Fund - Growth	3,251	5,500,000	6,212,985	5,500,000	3,251	5,500,000	5,680,895	5,500,000
Nippon Credit Risk Fund - Direct Growth Plan Growth Option (SDAG)	-	-	-	-	554,262	14,000,000	15,073,495	14,000,000
Kotak Equity Savings Fund Direct - Growth	-	-	-	-	1,267,987	17,500,000	18,554,839	17,500,000
Hdfc Equity Savings Fund- Direct Plan- Growth Option	-	-	-	-	476,411	17,500,000	18,593,839	17,500,000
Dsp Equity Savings Fund- Regular Plan-Growth	-	-	-	-	808,734	10,000,000	10,210,271	10,000,000
ICICI Prudential Medium Bond Fund - growth	299,656	7,500,000	9,384,638	7,500,000	-	-	-	-
ICICI Prudential Regular Savings Fund Growth	97,000	3,000,000	4,221,572	3,000,000	-	-	-	-
ICICI Prudential Short Term Fund Growth	378,146	15,000,000	15,946,135	15,000,000	-	-	-	-
ICICI Prudential Equity Arbitrage Fund	378,494	5,168,704	5,175,420	5,168,704	-	-	-	-
IDFC Arbitrage Fund Regular Plan Monthly Dividend	405,380	5,191,144	5,158,061	5,158,061	-	-	-	-
Nippon India Floating Rate Fund- Direct Growth Plan (FRAGO)	312,714	10,000,000	10,282,608	10,000,000	-	-	-	-
IDFC Bond Fund Medium Term Plan Growth	75,877	2,500,000	2,590,764	2,500,000	-	-	-	-
ICICI Prudential Medium Bond Fund - growth	374,398	11,460,000	11,725,402	11,460,000	-	-	-	-
SBI Short Term Debt Fund Growth	656,533	15,000,000	15,308,636	15,000,000	-	-	-	-
Nippon India Short Term Fund- Direct Growth Plan Growth Option (STAGG)	193,383	7,500,000	7,646,101	7,500,000	-	-	-	-
HDFC Medium Term Debt Fund - Regular Plan Growth	327,181	13,000,000	13,184,531	13,000,000	-	-	-	-
SBI Dynamic Bond Fund Regular Plan Growth	297,934	7,500,000	7,756,044	7,500,000	-	-	-	-
		218,220,821	231,670,464	218,180,999		209,936,188	223,728,955	209,936,188

under lien with Cit Bank.

Note (b)

Unquoted	As at 31 March 2020	As at 31 March 2019
- Structured Product/ Private Equity		
Multiples Private Equity Fund Scheme I	4,386,003	8,128,651
India Reit Fund Scheme Iv	620,562	620,562
India Reit Mumbai Redevelopment Fund	1,349,758	1,349,758
Milestone Domestic Scheme III	559,000	696,000
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 I	1,267,088	3,013,827
Quest Multi PMS Series 1	3,500,000	3,500,000
India Whizdom Fund	7,080,720	10,000,000
Aventus Enhanced Return Fund Series II	15,034,519	-
Total (A)	36,297,650	29,808,798
Real Estate		
Peninsula Brookfield India Real Estate Fund	2,660,553	3,490,123
Total (B)	2,660,553	3,490,123
Total (A) + (B)	38,958,203	33,298,922

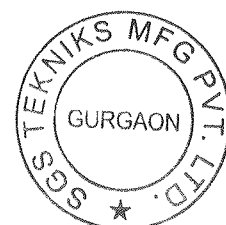
- Quoted current investments
- Aggregate book value
- Aggregate market value
- Aggregate book value of unquoted current investments

As at 31 March 2020	As at 31 March 2019
218,220,821	209,936,188
231,670,464	223,728,955
38,958,203	33,298,922

Summary of total value of current investments (a + b)

- Mutual Funds (a)
- Other funds/structured funds (b)

As at 31 March 2020	As at 31 March 2019
218,180,999	209,936,188
38,958,203	33,298,922
257,139,202	243,235,110



17 Inventories (Valued at lower of cost and NRV)	As at 31 March 2020	As at 31 March 2019
Raw materials [including goods-in-transit Rs. 49,587,892 (previous year Rs. 97,713,399)]*	496,774,445	670,360,623
Work-in-progress	142,158,372	56,884,050
Finished goods [including goods-in-transit Rs. 3,905,477 (previous year Rs. 12,624,924)]	72,694,456	48,736,497
	<u>711,627,273</u>	<u>775,981,170</u>
Details of inventory		
(a) Details of raw materials	173,796,034	244,412,745
Integrated circuit (IC)	50,246,520	65,295,051
Printed circuit board (PCB)	73,906,210	89,528,844
Capacitor and Capacitor Elco	198,825,681	271,123,283
Other raw material	<u>496,774,445</u>	<u>670,360,623</u>
18 Trade receivables (Unsecured, considered good)		
	As at 31 March 2020	As at 31 March 2019
Receivables outstanding for a period exceeding six months from the date they became due for payment	17,297,571	12,934,775
Other receivables	640,673,431	856,478,604
	<u>657,971,002</u>	<u>869,413,379</u>
19 Cash and bank balances		
	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents	611,326	437,745
- Cash on hand		
- Balances with banks	170,039,617	53,434,815
- on current accounts	6,608,985	-
- Cheques in hand		
	<u>57,155,377</u>	<u>2,810,034</u>
Other bank balances *	<u>234,415,305</u>	<u>56,682,594</u>
* Fixed Deposits of INR 889,465 under lien for Performance Bank Guarantees issued to customers.		
Details of bank balances/deposits		
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	57,155,377	2,810,034
Bank deposits due to mature after 12 months of the reporting date shown under 'Other non-current assets' (refer note 15)	1,607,866	56,750,179
20 Other current assets (Unsecured, considered good unless stated otherwise)		
	As at 31 March 2020	As at 31 March 2019
Interest accrued on fixed deposits	4,096,865	547,746
Unbilled revenue	-	63,600
Assets held for sale (refer note 12)	<u>4,096,865</u>	<u>164,317</u>
	<u>4,096,865</u>	<u>775,663</u>



SGS Teknics Manufacturing Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts are in Indian Rupees, unless otherwise stated)

21 Revenue from operations

Sale of products

	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of manufactured products		
Domestic	2,672,674,649	2,861,291,236
Exports	1,367,900,686	1,215,792,239
Sale of products (net)	4,040,575,335	4,077,083,475
Sale of services	4,685,089	-
Other operating revenues		
- Job work	65,575,077	91,446,144
- Sale of tools	39,179,383	24,636,163
	104,754,460	116,082,307

22 Other income

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income		
- fixed deposit	3,954,602	4,512,855
- others	502,723	1,000,191
Dividend income		
- current investments	3,702,072	2,717,354
Net gain on account of sale of investment*	20,235,462	2,802,513
Net gain on account of foreign exchange fluctuations	29,184,269	5,115,498
Mark to market gain on cross currency interest rate swaps	8,216,166	-
Gain on sale of property, plant and equipment (net)	443,058	55,672,059
Government incentive	37,340,077	55,140,812
Miscellaneous income	13,884,250	6,333,381
	117,462,679	133,294,663

*includes amount received from Eltek SGS Mechanics Private Limited of INR 5,812,523 from disposal of investment in FY 2016-17 owing to voluntary liquidation of Eltek SGS Mechanics Private Limited.

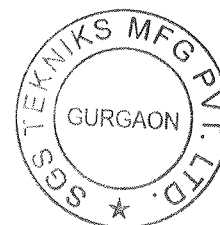
23 Cost of materials consumed

Raw materials

	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening inventory	670,360,623	559,412,069
Add: purchases (net)	2,995,643,468	3,245,181,068
	3,666,004,091	3,804,593,137
Less : Closing inventory	496,774,445	670,360,623
	3,169,229,646	3,134,232,514

Details of raw materials consumed

	For the year ended 31 March 2020	For the year ended 31 March 2019
Integrated circuit ('IC')	1,261,381,092	1,179,143,149
Printed circuit board ('PCB')	359,702,795	361,408,512
Capacitor and Capacitor Elco	329,377,085	301,494,812
Soldering material, crystals, switches, fuses and other raw materials	651,149,390	672,956,506
Others	567,619,284	619,229,536
	3,169,229,646	3,134,232,514



SGS Teknics Manufacturing Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts are in Indian Rupees, unless otherwise stated)

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

	For the year ended 31 March 2020	For the year ended 31 March 2019
Finished goods		
Opening inventory	48,736,497	42,942,908
Less: Closing inventory	72,694,456	48,736,497
Total (A)	(23,957,959)	(5,793,589)
Work-in-progress		
Opening stock	56,884,050	121,096,939
Less: Closing Stock	142,158,372	56,884,050
Total (B)	(85,274,322)	64,212,889
Total (A+B)	(109,232,281)	58,419,300

a. Breakup of work-in-progress

Manufacturing goods - assemble printed circuit board	72,694,456	48,736,497
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b. Breakup of finished goods

Manufacturing goods - assemble printed circuit board	142,158,372	56,884,050
--	-------------	------------

25 Employee benefits

	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus *	422,902,946	373,661,763
Contribution to provident and other funds #	8,610,501	7,291,806
Gratuity #	5,367,364	5,754,692
Compensated absences #	3,612,854	4,506,590
Staff welfare expenses	6,877,589	5,950,484
	447,371,254	397,165,335

* Prior period adjustments due to reclassification of Directors' remuneration of INR 31,850,000 in previous year from other expenses to employee benefits.

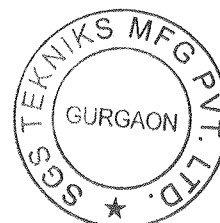
refer note 34

26 Finance costs

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense		
Interest on term loan and vehicle loan	4,669,469	8,201,539
Interest on packing credit	6,697,283	5,546,633
Interest on cash credit	14,479,495	29,973,469
Interest on working capital loan	4,946,900	-
Interest -others	6,626,840	4,456,065
Total (A)	37,419,987	48,177,706
Interest of late payment of dues to micro enterprises and small enterprises	1,828,302	2,338,654
Other borrowing costs	1,879,177	567,123
Total (B)	3,707,479	2,905,777
Total (A+B)	41,127,466	51,083,483

27 Depreciation and amortisation

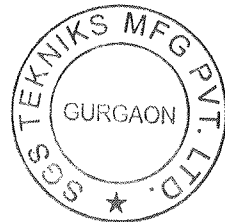
	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation on tangible assets	73,625,442	63,693,964
Amortisation of intangible assets	2,658,719	2,332,834
	76,284,161	66,026,798



SGS Teknics Manufacturing Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts are in Indian Rupees, unless otherwise stated)

28 Other expenses

	For the year ended 31 March 2020	For the year ended 31 March 2019
Power and fuel	37,807,990	38,833,844
Repair and maintenance		
Building	2,863,099	2,260,278
Machinery	9,902,258	12,605,231
Others	7,883,354	3,938,056
Job work charges	2,753,418	4,952,323
Bank charges	9,040,964	9,245,931
Insurance	5,621,393	6,572,167
Printing and stationery	2,779,600	3,975,416
Postage and courier	3,878,013	4,374,975
Travelling and conveyance	31,551,399	41,362,153
Rates and taxes	3,814,966	2,556,666
Bad debts /balance written off	3,895,883	4,777,818
Rent	7,590,625	6,552,929
Investment written off	-	4,280,282
Legal and professional charges	7,783,505	6,834,048
Office maintenance	15,515,957	11,488,734
Subscription and membership	1,728,062	1,228,846
Diminution in value of investment	6,750,452	111,486
Canteen expenses	3,333,892	3,125,717
Festival expenses	2,607,338	2,389,318
Charity and donation	521,000	-
Expenditure on corporate social responsibility (refer note no 30)	-	4,000,000
Payment to auditors (excluding taxes)		
- As auditor	1,600,000	1,350,000
- For reimbursement of expenses	235,706	492,709
Cartage and freight outgoing	5,865,656	4,981,047
Mark to market loss on cross currency interest rate swaps	-	612,546
Development charges	5,572,325	2,759,823
Miscellaneous expenses	7,350,900	11,302,298
	188,247,755	196,964,641



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED

Notes to Standalone Financial Statements for the year ended March 31, 2020

*(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:

- (i) Income Tax Demands being disputed by the Company INR 5,113,333 (PY: INR 10,270,458). The Company has deposited INR 4,215,000 under protest and the same has been included in the Long -term Loans and Advances, refer note 14. Based on external consultant advice, the Company has concluded that chances of liability devolving on the company is not probable and hence no provision in respect thereof has been made in the books.
- (ii) Civil matters being disputed by the Company INR 180,000 (PY: 180,000). Based on legal advice, the Company has concluded that chances of liability devolving on the company is not probable and hence no provision in respect thereof has been made in the books.
- 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 believes that there are interpretative challenges on the application of judgement retrospectively. Accordingly, owing to uncertainty regarding the application of matter, the Company has started paying provident fund contribution as per the Supreme court judgement from March 2019.

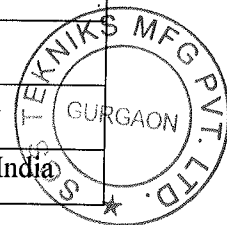
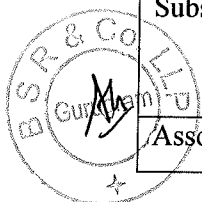
30. Corporate Social Responsibility

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 2020	For the year ended 31 March 2019
Gross amount required to be spent by the company during the year	58,70,738	3,744,702
Amount spent and paid during the year		
i) Construction/ acquisition of any asset	-	-
ii) on purpose other than (i) above	-	4,000,000

31. Related party disclosures as per AS 18

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	Eltek SGS Mechanics Private Limited, India



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED

Notes to Standalone Financial Statements for the year ended March 31, 2020

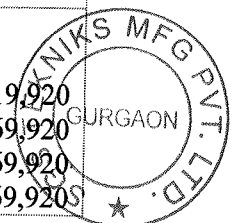
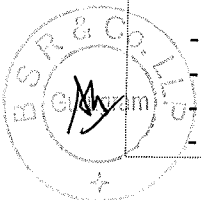
(All amounts in Indian Rupees, unless otherwise stated)

- a) 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

- b) Related Party Transactions during the year :-

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of manufactured products		
- SGS Solutions GmbH	45,209,642	27,696,218
Sale of tools		
- SGS Solutions GmbH	657,445	1,172,741
Purchase of manufacturing Products		
- SGS Solutions GmbH	739,287	787,947
Expenditure incurred on our behalf		
Development charges/ Reimbursement of Expenses		
- SGS Solutions GmbH	359,650	205,126
Miscellaneous income		
- SGS Solutions GmbH	852,737	859,362
Rent paid (excluding taxes)^		
- SGS Infosystems Private Limited	2,887,500	1,800,000
Disposal of Investment*		
- Eltek SGS Mechanics	5,812,523	-
Advances Received		
- J. S.Gujral	10,00,000	700,000
Managerial Remuneration#		
- Sanjiv Narayan	5,014,628	5,219,920
- J S Gujral	9,576,436	9,269,920
- R S Lonial	9,564,628	9,269,920
- K K Pant	9,564,628	9,269,920



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED

Notes to Standalone Financial Statements for the year ended March 31, 2020

*(All amounts in Indian Rupees, unless otherwise stated)***c) Outstanding balance as at year end**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Receivables		
- SGS Solutions GMBH	25,644,489	16,430,404
Payables		
- SGS Infosystems Private Limited	328,100	810,000
Employee benefit and other dues		
- J. S. Gujral	1,700,000	700,000

*amount received from Eltek SGS Mechanics Private Limited of INR 5,812,523 is from disposal of Investment in FY 2016-17 owing to voluntary liquidation of Eltek SGS Mechanics Private Limited.

^Refer note 45

#The remuneration to the key managerial personnel as disclosed above does not include the provision made for gratuity and leave benefits.

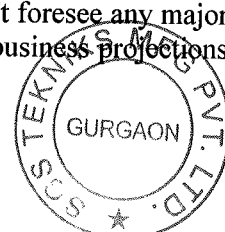
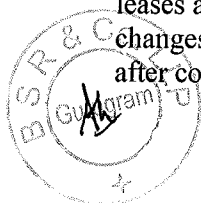
32. Commitments

- i) **Capital commitment:** - Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 16,067,447 (previous year: Nil).
- ii) **Lease commitments:** 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 recognized in the Statement of Profit and Loss amounts to Rs. 7,590,625 (previous year: 6,552,929).

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

Particulars	As at 31 March 2020	As at 31 March 2019
Payable within one year	3,600,000	1,935,671
Payable between one year and five years	15,498,000	7,942,725
Payable more than five years	4,167,450	4,271,636
Total	23,265,450	14,150,032

Most of the leases entered by the Company are medium and long term in nature and the underlying leases are commensurate with Company's operational plan. The Company doesn't foresee any major changes in lease terms or the leases in the foreseeable future as per the current business projections after considering impact of COVID-19.



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED

Notes to Standalone Financial Statements for the year ended March 31, 2020

(All amounts in Indian Rupees, unless otherwise stated)

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Net profit after tax	359,838,607	300,913,126
Less: Dividend on 10% redeemable non-cumulative Preference shares (including Dividend distribution tax)	1,265,830	8,43,886
Net profit attributable to equity shareholders	358,572,777	300,069,240
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.	222.33	186.06

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

Defined contribution plan

An amount of Rs.8,610,501 (previous year Rs. 7,291,806) pertaining to employers contribution to Provident Fund and Employees' State Insurance is recognized as an expense and is included in Note 25 "Employee Benefits".

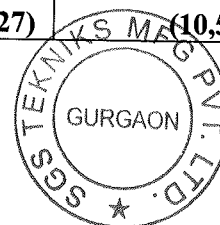
Defined benefit plan

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). 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 2020	As at 31 March 2019
Present value of funded obligation	19,440,004	14,241,170
Fair value of plan assets	4,060,577	3,729,107
Net (liabilities) / assets	(15,379,427)	(10,512,063)



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED

Notes to Standalone Financial Statements for the year ended March 31, 2020

(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 2020	As at 31 March 2019
Opening defined benefit obligation	14,241,170	9,141,981
Current service cost	2,446,833	1,857,319
Interest cost	925,676	708,504
Actuarial loss/(gain)	2,186,383	3,324,472
Benefits paid	(360,058)	(791,106)
Closing balance of defined benefit obligation	19,440,004	14,241,170

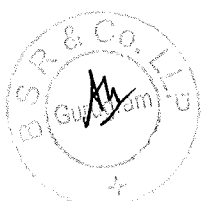
- c) The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Fair value of plan assets at the beginning of the year	3,729,107	3,884,610
Expected return on plan assets	242,392	301,057
Contributions	500,000	500,000
Benefits paid	(360,058)	(791,106)
Actuarial gain/(loss) on plan assets	(50,864)	(165,454)
Fair value of plan assets at the end of the year	4,060,577	3,729,107

- d) Composition of Planned Assets:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
LIC*	4,060,577	3,729,107

*Investment details of LIC is not available with the company.



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED

Notes to Standalone Financial Statements for the year ended March 31, 2020

(All amounts in Indian Rupees, unless otherwise stated)

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

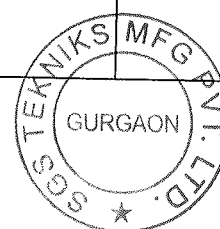
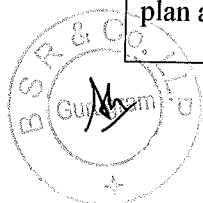
Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current service cost	24,46,833	1,857,319
Interest cost	925,676	708,504
Expected return on plan assets	(242,392)	(301,057)
Net actuarial loss/(gain) recognized during the year	22,37,247	3,489,926
Total (included in "Employee benefits expense")	53,67,364	5,754,692

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Expected return on plan assets	242,392	301,057
Actuarial gain/(loss) on plan assets	(50,864)	(165,454)
Actuarial return on plan assets	191,528	135,603

g) Experience adjustments:

Particulars	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Defined benefit obligation	19,440,004	14,241,170	9,141,981	8,817,430	7,220,365
Fair value of plan assets	4,060,577	3,729,107	3,884,610	3,551,368	3,566,232
(Deficit)/surplus in the plan	(15,379,427)	(10,512,063)	(5,257,371)	(5,266,062)	(3,654,133)
Experience adjustment arising on plan liabilities	818,685	783,697	(931,627)	754,461	284,357
Experience adjustment arising on plan assets	(50,864)	(165,454)	(109,528)	(86,555)	113,670



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED

Notes to Standalone Financial Statements for the year ended March 31, 2020

*(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 2020	Year ended 31 March 2019
Discount rate	6.50%	7.75%
Expected rate of salary increase	8.00%	8.00%
Expected rate of return on plan assets	6.50%	7.75%

Demographic assumption	Year ended 31 March 2020	Year ended 31 March 2019
Retirement age	58 / 60 years	58 / 60 years
Mortality table	IALM (2012-14)	IALM (2006-08)
Withdrawal rates		
- Up to 30 years age	40.00%	40.00%
- From 31 to 44 years	15.00%	15.00%
- Above 44 years	7.00%	7.00%

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 period is Rs. 3,490,904 (previous year contribution 2,624,596).



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED

Notes to Standalone Financial Statements for the year ended March 31, 2020

(All amounts in Indian Rupees, unless otherwise stated)

35. Foreign currency exposure

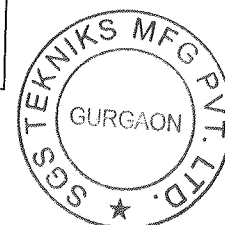
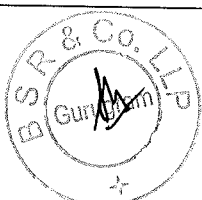
The Company's foreign currency exposure on account of foreign currency denominated receivables and payables not hedged as at 31 March 2020 and 31 March 2019.

Particulars	As at 31 March 2020		As at 31 March 2019	
	Amount (FC)	Amount (Rupees)	Amount (FC)	Amount (Rupees)
Trade receivable				
Euro	1,044,817	86,772,068	1,368,196	103,887,102
US Dollar	2,262,941	170,603,114	1,648,998	111,785,598
Payables including capital creditors				
Euro	251,954	20,924,814	467,206	37,105,539
US Dollar	2,389,550	180,170,241	4,198,568	296,544,865
Japanese Yen	39,506,228	27,516,088	34,095,131	21,779,970
GBP	1,459	135,846	1,764	163,048
CHF	8,474	663,879	1,896	134,673
Bank Balance				
EURO	46,404	3,853,838	70,645	5,364,101
US Dollar	490,824	37,003,248	455,584	30,884,032
Packing Credit				
EURO	-	-	-	-
US Dollar	422,100	31,822,119	1,112,688	78,589,134

Derivative instrument:

The Company has hedge foreign currency loan against the variability in foreign exchange and interest rates on its foreign currency loans outstanding as at 31 March 2020 and 31 March 2019 are as follows:

Particulars	Book Value (USD)	Book Value (INR)	Mark-to-market gain as at 31 March 2020
Term Loan in foreign currency	494,045	37,246,044	4,165,140



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED

Notes to Standalone Financial Statements for the year ended March 31, 2020

(All amounts in Indian Rupees, unless otherwise stated)

Working Capital Loan in Foreign Currency	1,473,405	109,324,246	5,566,480
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Particulars	Book Value (USD)	Book Value (INR)	Mark-to-market gain as at 31 March 2019
Term Loan in foreign currency	778,710	55,070,878	1,515,454

Mark-to-market gain on the full currency swap as on 31 March 2020 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.

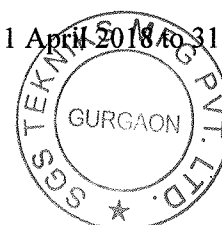
36. Segment information

Accounting Standard 17 "Segment Reporting" requires the Company to disclose certain information about operating segments. The Company is a single business segment and engaged in business of providing electronic manufacturing goods and services and therefore, concluded as 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 2019 to 31 March 2020 and 1 April 2018 to 31 March 2019 are as follows:



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED

Notes to Standalone Financial Statements for the year ended March 31, 2020

(All amounts in Indian Rupees, unless otherwise stated)

Particulars	India 2019-20	Outside India 2019-20	Unallocated 2019-20	Total
Segment revenue	2,763,624,286	1,386,390,598	-	4,150,014,884
Segment assets	3,771,197,947	265,081,477	40,145,073	4,076,424,497
Capital expenditure	175,012,326	-	-	175,012,326

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	193,231,528	-	-	193,231,528

Segment accounting policies

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

(i) Segment assets and liabilities

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

(ii) Segment revenue

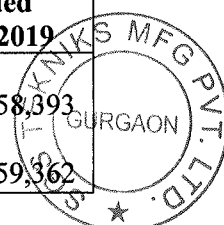
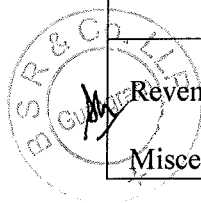
Segment revenue comprises the portion of company's revenue that is directly attributable to a segment or that can be allocated on a reasonable basis to a segment, and inter-segment transfers. However, segment revenues do not include interest and other income in respect of non-segmental activities and 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 2020	Year ended 31 March 2019
Revenue from operations	1,386,390,598	1,225,358,393
Miscellaneous income	852,737	859,362



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED

Notes to Standalone Financial Statements for the year ended March 31, 2020

(All amounts in Indian Rupees, unless otherwise stated)

38. Expenditure in foreign currency

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Travelling and conveyance	6,444,581	7,784,260

39. Value of imports on CIF basis

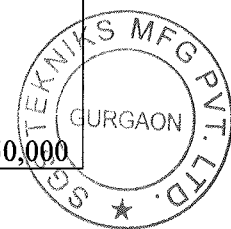
Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Raw materials	1,449,113,472	1,795,953,028
Capital goods	63,399,562	132,557,974

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

Particulars	For the year ended 31 March 2020		For the year ended 31 March 2019	
	Percentage	Amount	Percentage	Amount
Raw materials				
Imported	48.06%	1,523,160,389	55.80%	1,748,901,743
Indigenous	51.94%	1,646,069,257	44.20%	1,385,330,771
Total	100.00%	3,169,229,646	100.00%	3,134,232,514

41. Dividend paid on shares

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Dividend on equity shares declared and paid during the year		
Final dividend of Rs. 3.5 per share for the financial year 2018-19 (2017-18: Rs. 3.5 per share)	5,644,748	5,644,750
Dividend distribution tax on final dividend*	1,160,291	1,160,289
Interim dividend of Rs. 7 per share for the financial year 2019-20 (2018-19: Rs. 3.5 per share)	11,289,496	5,644,750
Dividend distribution tax on interim dividend*	2,320,582	1,160,289
Dividend on 10% redeemable non-cumulative preference shares	350,000	350,000



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED

Notes to Standalone Financial Statements for the year ended March 31, 2020

(All amounts in Indian Rupees, unless otherwise stated)

Final Dividend on 10% redeemable non-cumulative preference shares of Rs. 3.5 per share for the financial year 2018-19 (2017-18: Rs. 3.5 per share)		
Dividend distribution tax on final dividend*	71,943	71,943
Interim dividend on 10% redeemable non-cumulative preference shares of Rs. 7 per share for the financial year 2019-20 (2018-19: Rs. 2.5 per share)	700,000	350,000
Dividend distribution tax on final dividend*	143,890	71,943

*Dividend Distribution Tax (DDT)-net, pertaining to the current year comprises the DDT on final dividend of FY 2018-19 and interim dividend of FY 2019-20.

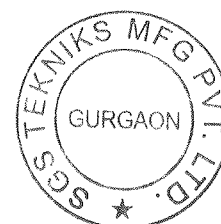
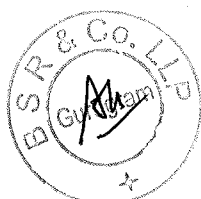
42. Goodwill

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 Tekniks Manufacturing Pvt Ltd with SGS Tekniks Pvt Ltd, as per the order of High Court of Punjab and Haryana at Chandigarh through order dated 15 September 2012.

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

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 2020	Year ended 31 March 2019
1	Salary	19,484,743	17,294,975
2	Development charges (including material)	4,656,128	1,931,496
	Total	24,140,871	19,226,471



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED

Notes to Standalone Financial Statements for the year ended March 31, 2020

*(All amounts in Indian Rupees, unless otherwise stated)***44. Details of dues to micro, small and medium enterprises as defined under the MSMED Act, 2006:**

Particulars	As at 31 March 2020	As at 31 March 2019
The principal and interest thereon remaining unpaid to any supplier as at the end of accounting year included in trade payable		
- Principal	26,127,519	35,878,271
- Interest	4,166,956	2,338,654
The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	4,027,172	2,272,265
The amount of interest accrued and remaining unpaid at the end of each accounting year.	4,166,956	2,338,654
The amount of further interest due and payable even in the succeeding year, 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 section- 23.	-	-

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.

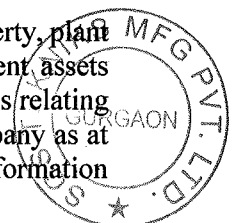
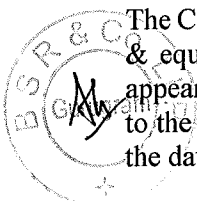
46. Disclosure on Specified Bank Notes (SBN):

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 2020.

47. World Health Organisation (WHO) declared outbreak of COVID- 19 as a global pandemic on March 11, 2020. Responding to the potentially serious threat that this pandemic has to public health, the Indian Government has taken a series of measures to contain the outbreak, which included imposing multiple 'lock-downs' across the country, from March 22, 2020, and extensions from time to time. COVID-19 pandemic has impacted and continues to impact business operations in many countries due to lockdown. With the lifting of the partial lockdown restrictions, the Company has started to see improvement in the business operations.

The Company has assessed the potential impact of Covid-19 on its capital and financial resources, profitability, liquidity position, ability to service debt and other financing arrangements, supply chain and demand for its products and services and ability to continue as going concern

The Company has also assessed the potential impact of Covid-19 on the carrying value of property, plant & equipment, intangible assets, investments, trade receivables, inventories, and other current assets appearing in the Company's financial statements. In developing the assumptions and estimates relating to the future uncertainties in the economic conditions on account of this pandemic, the Company as at the date of approval of these Financial statements has used internal and external sources of information



SGS TEKNIKS MANUFACTURING PRIVATE LIMITED

Notes to Standalone Financial Statements for the year ended March 31, 2020

(All amounts in Indian Rupees, unless otherwise stated)

and based on current estimates, expects to recover the carrying amounts of the above assets. The impact of Covid- 19 may be different from that estimated as at the date of approval of these financial statements. The Company will continue to closely monitor any material changes to future economic conditions as the COVID-19 situation continues to evolve globally.

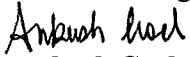
48. Previous year figures have been regrouped/reclassified wherever necessary to confirm with current year classifications.
49. The Company has chosen to exercise the option of lower tax rate of 25.17% (inclusive of surcharge & cess) under section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 effective 1 April 2019.

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

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



Ankush Goel

Partner

Membership No.: 505121

ICAI UDIN : 20505121AAAAAS1419

Place: Gurugram

Date : 14 September 2020

For and on behalf of the Board of Directors of

SGS Teknics Manufacturing Pvt. Ltd.



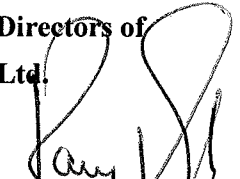
JS Gujral

Chairman

DIN - 00198825

Place: Gurugram

Date: 14 September 2020



Ranjeet Singh Lonial

Managing Director

DIN - 00198890

Place: Gurugram

Date: 14 September
2020