

# B S R & Co. LLP

Chartered Accountants

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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 2021, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity 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 2021, and profit and other comprehensive income, changes in equity 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 Annual report, but does not include the 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



Principal Office:

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 other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

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

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- 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (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 (including other comprehensive income), the standalone statement of changes in equity and the 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 Ind AS specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

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- 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:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements - Refer Note 33 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 in the standalone financial statements 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 2021.
- (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 is 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 : 21505121AAAACV2361

Place: Gurugram  
Date: 17 November 2021

**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 2021**

(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 2021)

- (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.

Total Number of Cases	Whether leasehold/freehold	Gross block	Net Block
2	Freehold Land	13,733,478	13,733,478

- (ii) According to the information and explanations given to us, the inventory (excluding goods in transit) has been physically verified by the management during the year. Goods in transit, have been received/ delivered substantially subsequent to year ended 31 March 2021. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business. The discrepancies noticed on verification carried out during the year between physical stock and book records were not material and have been properly dealt within the books of accounts.
- (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.
- (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

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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 few cases of Income tax. As explained to us, the Company did not have any dues on account of Service Tax, Duty of Excise, Sales Tax and Value Added Tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income-tax, Duty of customs, Goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2021, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues 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 in respect of income tax as stated below:-

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

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- (x) According to the information and explanations given to us, no material 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.
- (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*

**Ankush Goel**

*Partner*

Membership No.: 505121

ICAI UDIN : 21505121AAAACV2361

Place: Gurugram  
Date: 17 November 2021

**Annexure B to the Independent Auditors' report on the standalone financial statements of SGS Tekniks Manufacturing Private Limited for the year ended 31 March 2021**

**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 standalone financial statements of SGS Tekniks Manufacturing Private Limited ("the Company") as of 31 March 2021 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 2021, 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

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selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

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

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

*Ankush Goel*

**Ankush Goel**  
*Partner*  
Membership No.:505121  
ICAI UDIN : 21505121AAAACV2361

Place: Gurugram  
Date: 17 November 2021

**SGS Teknics Manufacturing Private Limited**  
**Standalone Balance sheet as at 31 March 2021**  
(All amounts are in millions Indian rupees unless otherwise stated)

	Note	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3 (a)	826.45	807.87	718.41
Capital working-in-progress	3 (c)	0.17	7.76	-
Investment property	4	2.30	2.30	2.30
Right-of-use assets	36	57.79	66.80	42.22
Goodwill	3 (d)	1,051.45	1,051.45	1,051.45
Other intangible assets	3 (b)	5.84	4.44	5.65
Financial asset				
(i) Investments	5	149.77	143.77	125.70
(ii) Loans	6(a)	8.98	8.67	7.32
(iii) Other financial assets	6(b)	2.35	1.61	56.75
Other non-current assets	7	27.17	44.30	42.81
		<b>2,132.27</b>	<b>2,138.97</b>	<b>2,052.61</b>
<b>Current assets</b>				
Inventories	8	968.07	711.64	775.98
Financial Asset				
(i) Investments	9	363.34	275.12	265.87
(ii) Trade receivables	10	777.41	631.35	841.93
(iii) Cash and cash equivalents	11	163.10	177.26	53.87
(iv) Bank balance other than (iii) above	12	72.05	61.25	3.36
(v) Other financial assets	12A	1.55	9.73	1.52
Other current assets	7	162.40	122.17	134.98
Asset held for Sale		-	-	0.16
		<b>2,507.92</b>	<b>1,988.52</b>	<b>2,077.67</b>
<b>TOTAL</b>		<b>4,640.19</b>	<b>4,127.49</b>	<b>4,130.28</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	13	16.13	16.13	16.13
Other equity	14	3,322.06	3,050.53	2,721.51
		<b>3,338.19</b>	<b>3,066.66</b>	<b>2,737.64</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial Liabilities</b>				
(i) Borrowings	15	7.54	25.32	36.99
(ii) Lease liabilities	36	59.25	65.63	40.35
Provisions	16	27.15	22.60	16.28
Deferred tax liabilities (net)	17	48.49	39.74	56.07
Other non-current liabilities	18	29.91	-	-
		<b>172.34</b>	<b>153.29</b>	<b>149.69</b>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
(i) Borrowings	19	326.44	191.14	479.42
(ii) Lease liabilities	36	10.15	5.95	4.25
(iii) Trade payables	20			
-Total outstanding dues of micro enterprises and small enterprises		53.55	30.29	38.22
-Total outstanding dues of creditors other than micro enterprises and small enterprises		583.76	504.57	591.55
(iv) Other financial liabilities	21	85.05	106.57	91.18
Other current liabilities	22	54.62	41.59	25.14
Provisions	16	5.81	5.23	3.62
Liabilities directly associated with assets held for sale		-	-	0.42
Current tax liabilities (net)	23	10.28	22.20	9.15
		<b>1,129.66</b>	<b>907.54</b>	<b>1,242.95</b>
<b>TOTAL</b>		<b>4,640.19</b>	<b>4,127.49</b>	<b>4,130.28</b>

**Significant Accounting Policies**

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

As per our report of even date attached

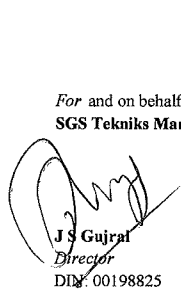
For **BSR & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration no.: 101248W/W-100022

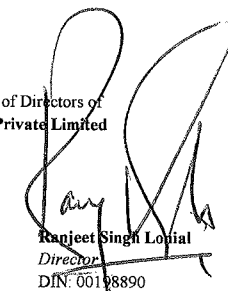


**Ankush Goel**  
Partner  
Membership No.: 505121

Place: Gurugram  
Date: 17 November 2021

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

  
**J S Gujral**  
Director  
DIN: 00198825

  
**Ranjeet Singh Lohial**  
Director  
DIN: 00198890

Place: Gurugram  
Date: 17 November 2021

Place: Gurugram  
Date: 17 November 2021

**SGS Teknics Manufacturing Private Limited**  
**Standalone Statement of Profit and Loss for the year ended 31 March 2021**  
**(All amounts are in millions Indian rupees unless otherwise stated)**

	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from operations	24	4,091.16	4,166.41
Other income	25	104.33	104.31
<b>Total income</b>		<b>4,195.49</b>	<b>4,270.72</b>
<b>Expenses</b>			
Cost of materials consumed	26	2,973.99	3,169.23
Changes in inventories of finished goods and work- in- progress	27	34.81	(109.23)
Employee benefits expenses	28	446.96	445.13
Finance costs	29	26.51	48.34
Depreciation and amortisation expense	30	94.98	84.32
Other expenses	31	247.11	189.37
<b>Total expenses</b>		<b>3,824.36</b>	<b>3,827.16</b>
<b>Profit before tax</b>		<b>371.13</b>	<b>443.56</b>
<b>Tax expense</b>			
Current tax	32	90.24	108.22
Deferred tax		8.90	(15.77)
<b>Profit for the year (A)</b>		<b>271.99</b>	<b>351.11</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
(a) Re-Measurement gain/loss on defined benefit obligation		(0.61)	(2.24)
(b) Income tax relating to items that will not be reclassified to profit or loss		0.15	0.56
<b>Total other comprehensive income for the year (net of tax) (B)</b>		<b>(0.46)</b>	<b>(1.68)</b>
<b>Total comprehensive income for the year (net of tax) (A+B)</b>		<b>271.53</b>	<b>349.43</b>
<b>Earning per equity share</b>			
Basic and diluted [nominal value per share INR 10 (31 March 2020: INR 10)]	37	168.65	217.70

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

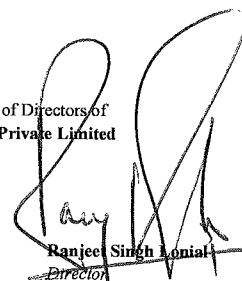
Place: Gurugram  
Date: 17 November 2021

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

  
**JS Gujral**  
Director

DIN: 00198825

Place: Gurugram  
Date: 17 November 2021

  
**Ranjeet Singh Loniya**  
Director

DIN: 00198890

Place: Gurugram  
Date: 17 November 2021

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>A. Cash flow from operating activities</b>		
Profit before tax	371.13	443.56
Adjustments for :		
Depreciation and amortisation expense	94.98	84.32
Interest income	(4.28)	(4.66)
Finance costs	26.51	48.34
Dividend income	(3.92)	(3.70)
Unrealised foreign exchange differences	0.55	7.88
Mark to market loss/(profit) on derivative contracts entered to mitigate foreign currency risk	8.18	(8.22)
Net gain on account of sale of investment	(7.98)	(12.42)
Gain on sale of property, plant and equipment (net)	(0.64)	(0.44)
(Appreciation)/ diminution in value of investment	(35.04)	5.52
Provision (excess provision) for loss allowance on financial assets created / (written back)	(1.05)	2.97
Liabilities no longer required written back	(1.79)	-
<b>Operating cash flow before working capital changes</b>	<b>446.65</b>	<b>563.15</b>
Working capital adjustments:		
(Increase) / decrease in trade receivables	(141.27)	224.17
(Increase) / decrease in inventories	(256.42)	64.34
(Increase) in loans	(0.06)	(2.55)
Decrease / (increase) in other non-current assets	0.94	(0.18)
Decrease / (increase) in other financial assets	8.18	(8.22)
(Increase) / decrease in other current assets	(48.42)	21.03
Increase / (decrease) in trade payables	106.71	(103.07)
Increase / (decrease) in other current financial liabilities	9.78	(3.46)
Increase in other current liabilities	13.03	16.45
Increase in provisions	4.68	6.25
Increase in other non-current liabilities	29.91	-
<b>Cash generated from operations</b>	<b>173.71</b>	<b>777.91</b>
Income tax paid (net)	(87.54)	(97.57)
<b>Net cash generated from operating activities (A)</b>	<b>86.17</b>	<b>680.34</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(124.41)	(161.54)
Proceeds from sale of property, plant and equipment	6.54	0.36
Purchase of non - current investments	-	(18.07)
Purchase of current investments (net)	(51.20)	(2.36)
Fixed deposits matured	1.23	1.24
Investment in fixed deposit	(14.21)	(0.44)
Interest received	5.47	0.91
Dividend received	3.92	3.70
<b>Net cash used in investing activities (B)</b>	<b>(172.66)</b>	<b>(176.20)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from current borrowings	728.24	325.48
Repayment of current borrowings	(597.61)	(625.75)
Repayment of non-current borrowings	(30.21)	(11.33)
Interest paid	(18.50)	(37.43)
Dividend paid	-	(20.42)
Repayment of lease liability (including interest)	(8.48)	(10.09)
<b>Net cash generated / (used) by financing activities (C)</b>	<b>73.44</b>	<b>(379.54)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(13.05)</b>	<b>124.60</b>
Effect of exchange differences on cash and cash equivalents held in foreign currency	(1.11)	(1.22)
Cash and cash equivalents at the beginning of the year	177.26	53.87
<b>Cash and cash equivalents at the end of the year</b>	<b>163.10</b>	<b>177.25</b>
<b>Cash and cash equivalents at the end of the year (refer note 11):</b>		
- Cash on hand	0.53	0.61
- Balances with banks		
- on current accounts	162.57	170.04
- cheques in hand	-	6.61
<b>Total cash and cash equivalents</b>	<b>163.10</b>	<b>177.26</b>

**Notes:**

- (i) The Company has used profit before tax as the starting point for presenting operating cash flows using the indirect method.  
 (ii) Refer note 15 for changes in liabilities arising from financing activities.

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



**Ankush Goel**  
 Partner  
 Membership No.: 505121

Place: Gurugram  
 Date: 17 November 2021

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

  
**J.S. Gujral**  
 Director  
 DIN: 00198825

  
**Ranjeet Singh Lohial**  
 Director  
 DIN: 00198890

Place: Gurugram  
 Date: 17 November 2021

Place: Gurugram  
 Date: 17 November 2021

SGS Teknics Manufacturing Private Limited  
 Standalone Statement of Changes in Equity for the year ended 31 March 2021  
 (All amounts are in millions Indian rupees unless otherwise stated)

a. Equity Share Capital

Particulars	Number of equity shares	Equity Share Capital
As at 01 April 2019	16,12,785	16.13
Changes in equity share capital during 2019-20	-	-
As at 31 March 2020	16,12,785	16.13
Changes in equity share capital during 2020-21	-	-
As at 31 March 2021	16,12,785	16.13

b. Other Equity

Particulars	Capital reserve*	Capital redemption reserve^	Securities premium account \$	General reserve%	Retained earnings @	Total
As at 01 April 2019	433.16	-	1,477.48	90.00	720.87	2,721.51
Profit for the year	-	-	-	-	351.11	351.11
Re-measurement gain/(loss) on defined benefit obligation (net of tax)	-	-	-	-	(1.68)	(1.68)
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>349.43</b>	<b>349.43</b>
<b>Transactions with owners, recorded directly in equity</b>						
<b>Distributions to owners</b>						
Dividend on equity shares for the year	-	-	-	-	(16.93)	(16.93)
Dividend distribution tax on equity shares for the year	-	-	-	-	(3.48)	(3.48)
<b>Total distributions to owner</b>	-	-	-	-	<b>(20.41)</b>	<b>(20.41)</b>
As at 31 March 2020	433.16	-	1,477.48	90.00	1,049.89	3,050.53
Profit for the year	-	-	-	-	271.99	271.99
Re-measurement gain/(loss) on defined benefit obligation (net of tax)	-	-	-	-	(0.46)	(0.46)
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>271.53</b>	<b>271.53</b>
Amount transferred to capital redemption reserve	-	1.00	-	-	(1.00)	-
As at 31 March 2021	433.16	1.00	1,477.48	90.00	1,320.42	3,322.06

Notes:

\*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.

^Created on account of redemption of preference shares during the current year.

\$ Security premium is used to record the premium received on issue of shares. It will be utilised in accordance with the provisions of Companies Act, 2013.

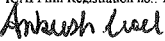
%The General reserve is used from time to time to transfer profit from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

@ Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividend or other distribution to shareholders.

The opening balance of retained earnings as at 01 April 2019 and as at 31 March 2020 are different from the previous year signed financial statements due to first-time adoption of Indian Accounting Standards considering 01 April 2019 as transition date. Refer note 44 for reasons of differences in retained earnings.

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

Place: Gurugram  
 Date: 17 November 2021

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

  
 J.S. Gujral  
 Director  
 DIN: 00198825

Place: Gurugram  
 Date: 17 November 2021

  
 Rajeev Siney  
 Director  
 DIN: 00138890

Place: Gurugram  
 Date: 17 November 2021

**SGS Teknics Manufacturing Private Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**

**1. Corporate information**

SGS Teknics Manufacturing Private Limited (the company) is a private limited company domiciled in India. The Company was incorporated on 27 April 2011 under the Companies Act 1956. The Company is engaged in the business of providing electronic manufacturing goods and related services.

SGS Teknics is having four manufacturing locations in India along with design and development center.

**2. Basis of preparation and accounting policies**

**A. Statement of compliance**

These standalone financial statements (referred as financial statements) have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The standalone financial statements up to and for the year ended 31 March 2020 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act (hereinafter referred to as previous GAAP).

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 44.

The financial statements were authorised for issue by the Company's Board of Directors on 17 November 2021.

Details of the Company's significant accounting policies are included in Note No. 2 (F) to 2 (Y).

**B. Functional and presentation currency**

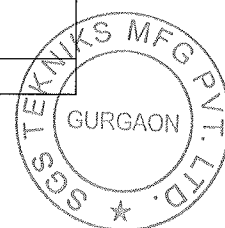
These standalone financial statements are presented in millions Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest millions and two decimal thereof, except share data and per share data, unless otherwise indicated.

**C. Basis of measurement**

The standalone financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
(a) Net defined benefit (asset)/ liability	Present value of defined benefit obligations
(b) Certain financial assets and liabilities (including derivative instruments)	Fair value
(c) Other financial assets and liabilities	Amortised cost

AG



**SGS Teknics Manufacturing Private Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**

**D. Use of estimates and judgements**

In preparing these standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

**Judgements**

-Leases; whether arrangement contains a lease and lease classification- Note 36

**Estimates**

The areas involving critical estimates are:

- Estimation of income tax (current and deferred) – Note 32
- Estimation of impairment of goodwill – Note 2 (K)
- Estimation of impairment of financial assets – Note 43
- Recognition and measurement of contingencies – Note 33
- Estimation of defined benefit obligation – Note 38
- Estimation of determining an asset's expected useful life and the expected residual value at the end of its life – Note 3

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

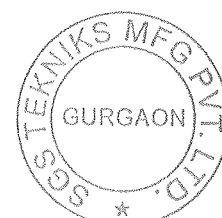
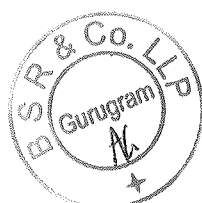
**E. Current versus non-current classification**

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification.

**Operating cycle**

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liability as current and non-current.

**An asset is classified as current when it is:**



**SGS Teknics Manufacturing Private Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
- b) Held primarily for the purpose of trading,
- c) Expected to be realised within twelve months after the reporting period, or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

**A liability is classified as current when:**

- a) It is expected to be settled in normal operating cycle,
- b) It is held primarily for the purpose of trading,
- c) It is due to be settled within twelve months after the reporting period, or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

**F. Foreign currency transactions**

**i. Functional and presentation currency**

Items included in the standalone financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The standalone financial statements have been prepared and presented in Indian Rupees (INR), which is the Company's functional and presentation currency.

**ii. Initial recognition and settlement**

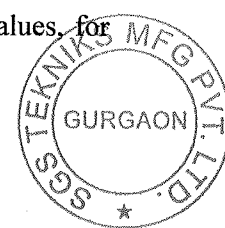
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are generally recognised in profit or loss.

**iii. Measurement at the reporting date**

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income..

**G. Measurement of fair values**

A number of the accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.





**SGS Teknics Manufacturing Private Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has an established internal control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values used in preparing these standalone financial statements is included in the respective notes.

## **H. Financial instruments**

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity.

### **i. Recognition and initial measurement**

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

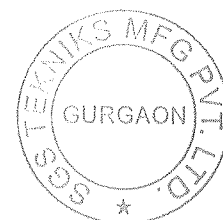
A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

### **ii. Classification and subsequent measurement**

#### **Financial assets**

On initial recognition, a financial asset is classified as measured at

- a) Amortised cost; or
- b) FVTPL



**SGS Teknics Manufacturing Private Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**Financial assets: Subsequent measurement and gains and losses**

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Financial liabilities: Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**iii. Derecognition**

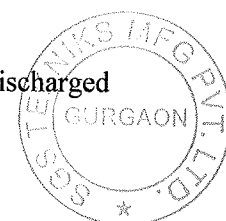
**Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

**Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.



**SGS Teknics Manufacturing Private Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

**iv. Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**v. Derivative financial instruments**

The Company holds derivative financial instruments to mitigate its foreign currency risk exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are generally recognised in statement of profit and loss.

**I. Property, plant and equipment**

**i. Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

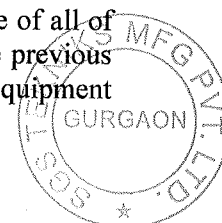
Property, plant and equipment under construction are disclosed as capital work-in-progress. Cost of construction that relate directly to specific property, plant and equipment and that are attributable to construction activity in general are included in capital work-in-progress.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

**ii. Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2019, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment (see Note 3).



**SGS Teknics Manufacturing Private Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**

**iii. Subsequent expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

**iv. Depreciation**

Depreciation on items of property, plant and equipment is provided on the straight-line method, based on the management's estimates of useful lives of the assets, which is similar to the useful life prescribed under Schedule II of the Companies Act, 2013.

Freehold land is not depreciated.

Depreciation on additions/ (disposals) is provided on a pro-rata basis i.e. from / (upto) the date on which asset is ready for use/ (disposed of).

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Losses arising from retirement or gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognized in the Statement of Profit and Loss.

**v. Reclassification to Investment Property**

When the use of property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

**J. Goodwill and other Intangible assets**

**a) Goodwill**

For measurement of goodwill that arises on a business combination is tested annually for impairment. Subsequent measurement is at cost less any accumulated impairment losses.

**b) Other Intangible Assets**

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss, if any.

**c) Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

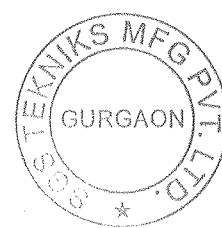
**d) Amortisation**

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight-line method and is included in amortisation expense in profit or loss.

The estimated useful lives are as follows:

- Computer software

3 years



**SGS Teknics Manufacturing Private Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**

Amortisation method, useful life and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Losses arising from retirement and gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss.

**e) Transition to Ind AS**

On transition to Ind AS, the Company has evaluated the requirement of Ind AS 101 and elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2019, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

**K. Investment Property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in ordinary course of business, use in the production or supply of goods or for services or for administrative purposes. Upon initial recognition, investment property is measured at cost.

On transition to Ind AS, the company has elected to continue with the carrying of all its investment property recognised as at 1 April 2019, measured as per the previous GAAP and use that carrying value as the deemed cost of such investment property.

Any gain or loss on disposal of investment property is recognised in profit or loss.

The Fair value of investment property is disclosed in the notes. Fair value is determined by an independent valuer who hold a recognised and relevant professional qualification and has experience in the location and category of the investment property being valued.

**L. Impairment**

**i. Impairment of financial instruments**

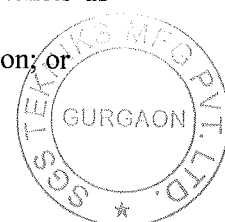
Expected credit loss (ECL) is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls).

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are measured at amortised cost e.g., cash and bank balances, investment in equity instruments of subsidiary companies, trade receivables and loans etc.

At each reporting date, the Company assesses whether financial assets carried at amortised cost is credit-impaired. A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that the financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the breach of contract such as a default or being past due as per the ageing brackets as mentioned in note 43;
- it is probable that the borrower will enter bankruptcy or other financial re-organisation; or
- the disappearance of active market for a security because of financial difficulties.



**SGS Teknics Manufacturing Private Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as expense/income in the statement of profit and loss. ECL for financial assets measured as at amortized cost and contractual revenue receivables is presented as an allowance, i.e., as an integral part of the measurement of those assets in the standalone financial statements. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**ii. Impairment of non-financial assets**

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the asset's recoverable amount is estimated.

Assets that do not generate independent cash flows are grouped together into cash generating units (CGU).

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

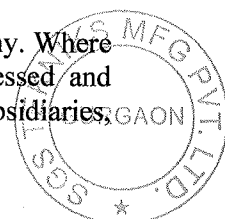
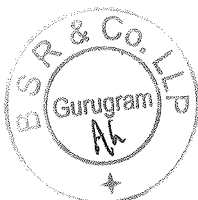
An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made 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 had been recognised.

**M. Investment in subsidiaries, debentures/bonds, mutual funds and private equity**

Investments that are readily realisable 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 non-current investments.

Investment in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investment in subsidiaries,



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**Notes to the standalone financial statements for the year ended 31 March 2021**

the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

Investments in debentures or bonds are measured at amortised cost at carrying value representative of fair value. These assets are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gain and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Investment in mutual funds, specific bonds (marked linked) and structured product/ private equity (i.e.; unquoted investments) are measured at fair value through profit and loss. Net gains and losses are recognised in Statement of Profit or Loss.

**N. Leases**

Effective 1 April 2019, the Company has applied Ind AS 116. On inception of a contract, the Company {as a lessee} assesses whether it contains a lease. A contract is, or contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- {i} the contract involves the use of an identified asset
- {ii} the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- {iii} the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset {"ROU"} and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less {short-term leases} and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease contracts may contain both lease and non-lease components. The Company allocates payments in the contract to the lease and non- lease components based on their relative stand-alone prices and applies the lease accounting model only to lease components.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs incurred, lease payments made at or before the commencement date, any asset restoration obligation, and less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are also adjusted for any re-measurement of lease liabilities. Unless the Company is reasonably certain to obtain ownership of the leased assets or renewal of the leases at the end of the lease term, recognised right-of-use assets are depreciated to a residual value over the shorter of their estimated useful life or lease term.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments {including 'in-substance fixed' payments} and variable lease payments that depend on an index or a rate, less any lease incentives receivable. 'In-substance fixed' payments are payments that may, in form, contain variability but that, in substance, are unavoidable. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease term includes periods subject to extension options which the Company is reasonably certain to exercise and excludes the effect of early termination options where the Company is not reasonably certain that it will exercise the option. Minimum lease payments include the cost



## SGS Teknics Manufacturing Private Limited

### Notes to the standalone financial statements for the year ended 31 March 2021

of a purchase option if the Company is reasonably certain it will purchase the underlying asset after the lease term.

Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment if whether it will exercise an extension or a termination option and any lease modification.

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period over which the event or condition that triggers the payment occurs. In respect of variable leases which guarantee a minimum amount of rent over the lease term, the guaranteed amount is considered to be an 'in-substance fixed' lease payment and included in the initial calculation of the lease liability. Payments which are 'in-substance fixed' are charged against the lease liability.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments are presented as follows in the Company's statement of cash flows:

- short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities;
- payments for the interest element of recognised lease liabilities are included in 'interest paid' within cash flows from financing activities; and
- payments for the principal element of recognised lease liabilities are presented within cash flows from financing activities

#### O. Inventories

Inventories which comprise raw materials, work-in-progress, finished goods and stores and spares, are carried at the lower of cost and net realisable value.

Cost of inventories comprises all costs of purchase (net of recoverable taxes, where applicable), costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

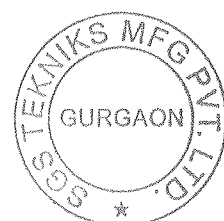
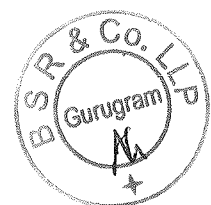
The basis of determining costs for various categories of inventories are as follows: -

Raw materials, stores and spares	-	Weighted average method
Work-in-progress and finished goods	-	Material cost plus appropriate share of labour, manufacturing overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis.

#### P. Revenue recognition





## SGS Teknics Manufacturing Private Limited

### Notes to the standalone financial statements for the year ended 31 March 2021

The Company earns revenue primarily from sale of electronic manufacturing goods and related services. Effective 1 April 2019, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognized. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognized at the date of initial application (i.e. 1 April 2019).

Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

However, Goods and Services Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognized.

#### a) Revenue from sale of goods and services

The Company recognized revenue when (or as) a performance obligation was satisfied, i.e. when 'control' of the goods underlying the particular performance obligation were transferred to the customer. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Further, revenue from sale of goods is recognized based on a 5-Step Methodology which is as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts, incentives, etc if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

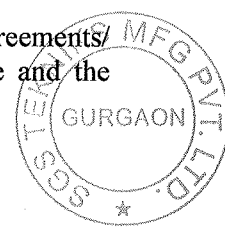
Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned or deferred revenue is recognised when there is billings in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company has evaluated that there is no significant impact on the standalone financial statements due to Ind AS 115.

**Sale of services** Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed at the reporting date and the amount of revenue can be measured reliably.



**Other operating revenue**

Other operating revenue is recognized as per the terms of contracts with customers when the related services are rendered.

**Other Income**

Interest income is recognized using the effective interest method.

Dividend income is recognized when the right to receive the income is established.

**Q. Employee benefits**

**(i) Short term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

**(ii) Defined contribution plans**

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 Employee Provident Fund (EPF) and Employees' State Insurance to Government administered fund which is a defined contribution plan. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

**(iii) Defined benefit plans**

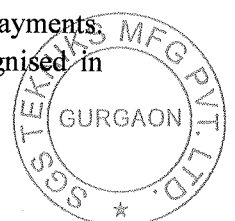
**Gratuity**

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 as per the payment of Gratuity Act, 1972.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in Other Comprehensive Income (OCI). The Company determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then- net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.



**SGS Teknics Manufacturing Private Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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.

**(iv) Other long-term employee benefits**

**Compensated absences**

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since, the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method. Actuarial gains and losses are recognised in profit or loss in the period in which they arise.

**R. Provisions**

**(i) Provisions (other than employee benefits)**

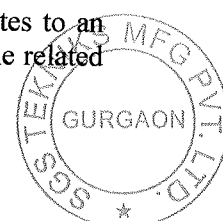
A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

**(ii) Onerous Contracts**

A contract is considered to be onerous when the expected economic benefits to be derived by the company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the company recognizes any impairment loss on the assets associated with that contract.

**S. Government grants**

Government grants are recognized where there is reasonable assurance that the grant will be received, and all the attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related



## SGS Teknics Manufacturing Private Limited

### Notes to the standalone financial statements for the year ended 31 March 2021

costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the assets and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

#### **Export benefits**

Export incentive entitlements are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made, and where there is no uncertainty regarding the ultimate collection of the relevant export proceeds.

#### **T. Income taxes**

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

##### **Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

##### **Deferred tax**

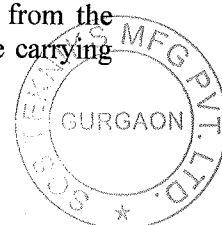
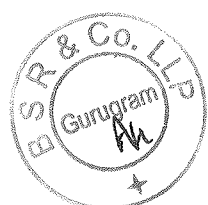
Deferred tax is recognised in respect of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized.

Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefits will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.



**SGS Teknics Manufacturing Private Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authorities.

**U. Earnings per share**

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year end, except where the results would be anti-dilutive.

**V. Contingent liabilities and contingent assets**

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets 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.

**W. Operating segment**

An operating segment is a component that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the other components, and for which discrete financial information is available.

The Company is engaged in the business of manufacturing and supply of providing electronic manufacturing goods and related services. Accordingly, the Company's activities/ business is reviewed regularly by the Company's Board of directors (Chief Operating Decision Maker) from an overall business perspective, rather than reviewing its products/services as individual standalone components.

Based on the dominant source and nature of risks and returns of the Company, management has identified its business segment as its primary reporting format.

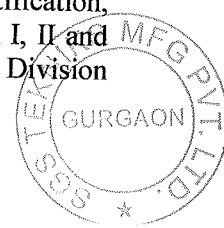
**X. Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

**Y. Recently issued accounting pronouncements**

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division



**SGS Tekniks Manufacturing Private Limited**  
**Notes to the standalone financial statements for the year ended 31 March 2021**

II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

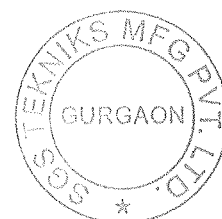
**Balance Sheet**

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

**Statement of profit and loss:**

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of consolidated financial statements.

The amendments are extensive and the company will evaluate the same to give effect to them as required by law.



SGS Teknics Manufacturing Private Limited  
Notes to Standalone Financial Statements for the year ended 31 March 2021  
(All amounts are in millions Indian rupees unless otherwise stated)

3 Property, plant and equipment

3 (a) Tangible assets

Particulars	Gross carrying amount			Accumulated depreciation			Net carrying amount		
	As at 01 April 2020	Additions	Disposals/ Adjustment	As at 31 March 2021	As at 01 April 2020	Depreciation charge for the year	On disposals	As at 31 March 2021	As at 31 March 2020
Freehold land <sup>^</sup>	16.59	-	-	16.59	-	-	-	-	16.59
Building*	131.13	1.66	-	132.79	4.94	5.96	-	10.90	126.19
Tools and moulds	46.81	21.56	-	68.37	2.80	3.88	-	6.68	44.01
Plant and machinery*	548.68	39.92	0.13	588.47	44.14	46.92	0.01	91.05	504.54
Furniture and fixtures	29.34	7.79	-	37.13	3.67	4.16	-	7.83	25.67
Computers	16.56	13.37	-	29.93	5.16	6.08	-	11.24	11.40
Airconditioning equipment	37.61	1.37	-	38.98	5.19	5.26	-	10.45	28.53
Office equipment	11.75	4.21	0.01	15.95	2.95	3.35	0.00	6.30	9.65
Vehicles*	43.03	17.45	10.46	50.02	4.78	7.23	4.68	7.33	42.69
	881.50	107.33	10.60	978.23	73.63	82.84	4.69	151.78	807.87

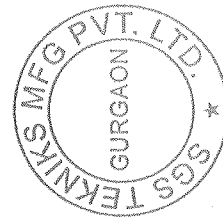
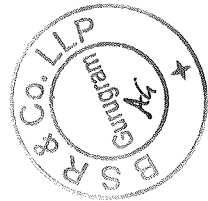
Tangible assets

Particulars	Gross carrying amount			Accumulated depreciation			Net carrying amount		
	Deemed Cost as at 01 April 2019 <sup>#</sup>	Additions	Disposals/ Adjustment	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 <sup>^</sup>	16.59	-	-	16.59	-	-	-	-	16.59
Building*	102.31	28.82	-	131.13	-	4.94	-	4.94	102.31
Tools and moulds	31.09	15.72	-	46.81	2.80	2.80	-	2.80	31.09
Plant and machinery*	464.79	83.89	-	548.68	44.14	44.14	-	44.14	464.79
Furniture and fixtures	25.46	3.88	-	29.34	3.67	3.67	-	3.67	25.46
Computers	11.36	5.20	-	16.56	-	5.16	-	5.16	11.36
Airconditioning equipment	37.35	0.26	-	37.61	-	5.19	-	5.19	37.35
Office equipment	8.33	3.42	-	11.75	-	2.95	-	2.95	8.80
Vehicles*	21.13	22.06	0.16	43.03	-	4.78	-	4.78	21.13
	718.41	163.25	0.16	881.50	-	73.63	-	73.63	807.87

\*assets have been pledged upto the outstanding amount of borrowings as at reporting date (refer note 15).

<sup>^</sup>The title deeds of two immovable properties amounting to INR 13.73 Millions (31 March 2020; INR 13.73 Millions, 01 April 2019; INR 13.73 Millions) are held in the name of SGS Teknics 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.

<sup>#</sup> refer note 2 (f) (ii) and note 44



SGS Tekniks Manufacturing Private Limited  
Notes to Standalone Financial Statements for the year ended 31 March 2021  
(All amounts are in millions Indian rupees unless otherwise stated)  
3 (b) Intangible assets

Particulars	Gross carrying amount			Accumulated amortisation		Net carrying amount		
	As at 01 April 2020	Additions	Disposals/ Adjustment	As at 31 March 2021	Depreciation charge for the year	On disposals	As at 31 March 2021	As at 31 March 2020
Software	7.10	4.53	-	11.63	3.13	-	5.79	4.44
	7.10	4.53	-	11.63	3.13	-	5.79	4.44

Intangible assets

Particulars	Gross carrying amount			Accumulated amortisation		Net carrying amount		
	Deemed Cost as at 01 April 2019#	Additions	Disposals/ Adjustment	As at 31 March 2020	Depreciation charge for the year	On disposals	As at 31 March 2020	As at 31 March 2019
Software	5.65	1.45	-	7.10	2.66	-	4.44	5.65
	5.65	1.45	-	7.10	2.66	-	4.44	5.65

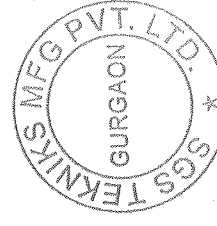
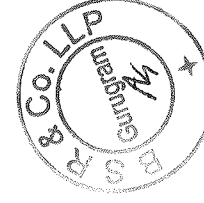
3 (c) Capital work-in progress

Particulars	Gross carrying amount		
	As at 01 April 2020	Additions	As at 31 March 2021
Capital WIP	7.76	0.17	0.17
	7.76	0.17	0.17

Capital work-in progress

Particulars	Gross carrying amount		
	As at 01 April 2019	Additions	As at 31 March 2020
Capital WIP	-	7.76	7.76
	-	7.76	7.76

\*assets have been pledged upto the outstanding amount of borrowings as at reporting date (refer note 1.5).  
# refer note 2 (f) (ii) and note 44





SGS Tekniks Manufacturing Private Limited  
Notes to Standalone Financial Statements for the year ended 31 March 2021  
(All amounts are in millions Indian rupees unless otherwise stated)

3 (d) Goodwill

Particulars	<u>As at</u> 31 March 2021	<u>As at</u> 31 March 2020	<u>As at</u> 1st April 2019
Gross Carrying Value	1,051.45	1,051.45	1,051.45
Reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period			
Goodwill			<u>Amount</u>
Balance as at 01 April 2019			1,051.45
Impairment during the year			-
Balance as at 31 March 2020			1,051.45
Impairment			-
Balance as at 31 March 2021			<u>1,051.45</u>

The carrying amount of Goodwill INR 1,051.45 Millions is carried over in books of accounts as a result of amalgamation happened between SGS Tekniks Manufacturing Pvt Ltd and SGS Tekniks Pvt Ltd, as per the order of High Court of Punjab and Haryana at Chandigarh through order dated 15 September 2012. Subsequent to adoption of Ind AS, Goodwill is subject to impairment testing every year in line with requirement of Ind AS -36.

Allocation of goodwill to cash generating units:

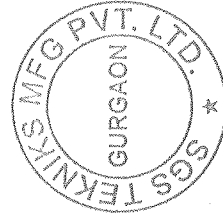
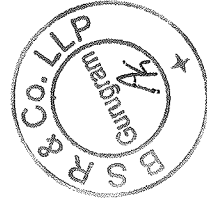
Goodwill does not generate cash flows independently of other assets or groups of assets, and often contributes to the cash flows of multiple cash-generating units. Goodwill sometimes cannot be allocated on a non-arbitrary basis to individual cash-generating units, but only to groups of cash-generating units. As a result, the lowest level within the entity at which the goodwill is monitored for internal management purposes sometimes comprises a number of cash-generating units to which the goodwill relates, but to which it cannot be allocated. The Management considers its entire property plant and equipment as single "CGU".

The recoverable amounts of the cash generating units ("CGU") is determined from value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and projected Earning Before Interest, Depreciation and Taxes (EBIDTA) margins. Management has estimated discount rates using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU.

The Company has conducted a sensitivity analysis on the impairment test of CGU carrying value. Change in the discount rate by +/- 1% and +/- 2% points would not impact in carrying value of goodwill (with other factors remains constant). The values assigned to the key assumptions represents management assessment of future trend in the relevant industries and have been based on both historical data from both internal and external sources :-

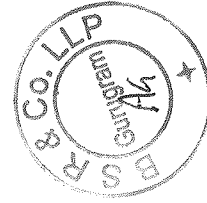
Particulars	<u>For the year</u> ended 31 March	<u>For the year</u> ended 31 March	<u>As at</u> 01 April 2019
Discount rate	12.50%	12.65%	12.75%
Terminal value of growth rate	5%	5%	5%
Budgeted EBIDTA growth rate	8.7%-11.2%	8.8%-11.4%	10.87%-12.87%
<b>Sensitivity Analysis</b>	<b>WACC</b>	<b>Value in Use</b>	
Decrease in discount rate by 2%	10.83%	5,350	
Decrease in discount rate by 1%	11.83%	4,582	
Discount rate	12.83%	3,989	
Increase in discount rate by 1%	13.83%	3,523	
Increase in discount rate by 2%	14.83%	3,144	

The estimated recoverable amount of CGU including Goodwill is more than the carrying amount at year end, consequently the company has not provided for any impairment loss.



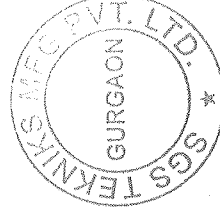
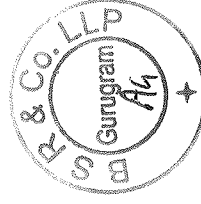
SGS Teknics Manufacturing Private Limited  
Notes to Standalone Financial Statements for the year ended 31 March 2021  
(All amounts are in millions Indian rupees unless otherwise stated)

4	<b>Investment property</b>	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
	Note- Amount As at 01 April 2019, represents deemed cost of investment property (freehold land)	2.30	2.30	2.30
		<u>2.30</u>	<u>2.30</u>	<u>2.30</u>
	<b>Reconciliation of investment property</b>			
	Carrying amount at the beginning of year	2.30	2.30	2.30
	Addition	-	-	-
	Depreciation	-	-	-
	Carrying amount as at closing of year	<u>2.30</u>	<u>2.30</u>	<u>2.30</u>
	Fair valuation of investment property is based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017	4.13	5.17	5.17
5	<b>Non-current investments</b>	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
	Unquoted			
	Investment in Equity Instruments of Subsidiary Companies-at amortised cost	119.60	119.60	119.60
	- 11,960,000 (previous year 11,960,000) equity shares of SGS Infosystems Private Limited	1.15	1.15	1.15
	- 16,500 (previous year 16,500) equity shares of SGS Solutions GmbH			
	<b>Investment in debentures or bonds-at amortised cost</b>	4.95	4.95	4.95
	- 4,945 @ INR 1000 each (previous year 4,945 @ INR 1000 each) National Highways Authority of India Gain Bonds- 54 EC Capital			
	<b>Investment in debentures or bonds-at FVTPL</b>	24.07	18.07	-
	- 200 @ INR 100,000 each Citicorp Finance India Limited, debentures	<u>149.77</u>	<u>143.77</u>	<u>125.70</u>
	Aggregate amount of quoted investments and market value thereof	149.77	143.77	125.70
	Aggregate value of unquoted investments	-	-	-
	Aggregate amount of impairment in value of investments	<u>149.77</u>	<u>143.77</u>	<u>125.70</u>
6(a)	<b>Non-current loans</b> <i>(unsecured considered good unless otherwise stated)</i>	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
	Security deposits	8.98	8.67	7.32
		<u>8.98</u>	<u>8.67</u>	<u>7.32</u>
	<b>Break-up for security deposits:</b>			
	Loans receivables considered good - unsecured	8.98	8.67	7.32
	Less: expected credit loss allowance	-	-	-
		<u>8.98</u>	<u>8.67</u>	<u>7.32</u>
6(b)	<b>Other non-current financial assets</b>	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
	Banks deposits (due to mature after 12 months from the reporting date)*	2.35	1.61	56.75
	*Fixed Deposits of INR 0.94 Millions (31 March 2020 : 0.11 Millions, 01 April 2019: Nil ) under lien for Performance Bank Guarantees issued to customers.	<u>2.35</u>	<u>1.61</u>	<u>56.75</u>



	Non-Current		Current	
	As at	As at	As at	As at
	31 March 2021	31 March 2020	31 March 2020	01 April 2019
7 Other assets				
Capital advance	1.58	1.31	-	-
Other loans and advances	-	-	1.89	1.28
-Advance to employees	1.90	2.84	4.58	6.73
-Prepaid expenses	-	-	-	-
-Advance tax [net of provision of tax. INR 351.35 Millions (31 March 2020; INR 128.80 Millions, 31 March 2019; INR 139.11 Millions)]	19.47	35.93	-	-
-Amount paid under protest (refer note 33)	4.22	4.22	-	-
-Balance with statutory government authorities	-	-	132.16	111.94
-Advances to suppliers	-	-	23.77	15.03
	<u>27.17</u>	<u>44.30</u>	<u>162.40</u>	<u>134.98</u>
8 Inventories (Valued at lower of cost and NRV)				
Raw materials [including goods-in-transit INR 99.90 Millions (31 March 2020; INR 49.59 Millions, 31 March 2019; INR 97.71 Millions)]			788.03	670.36
Work-in-progress			127.00	56.88
Finished goods [including goods-in-transit INR 10.20 Millions (31 March 2020; INR 3.91 Millions, 31 March 2019; INR 12.62 Millions)]			53.04	48.74
			<u>968.07</u>	<u>775.98</u>

The write-down of inventories to net realisable value during the year amounted to INR 61.27 Millions (31 March 2020 : INR 17.19 Millions , 01 April 2019 : INR 25.81 Millions) The write down is included in cost of material consumed or changes in inventories of finished goods and work-in-progress.





SGS Teknics Manufacturing Private Limited  
Notes to Standalone Financial Statements for the year ended 31 March 2021  
(All amounts are in millions Indian rupees unless otherwise stated)

Note (b)

Unquoted	Cost at 31 March 2021	NAV at 31 March 2021	Cost at 31 March 2020	NAV at 31 March 2020	Cost at 01 April 2019	NAV at 01 April 2019
<b>- Structured Product</b>						
Multiples Private Equity Fund Scheme I	3.32	3.32	4.39	4.39	8.13	8.13
India Reit Fund Scheme IV	0.45	0.45	0.62	0.62	0.62	0.62
India Reit Mumbai Redevelopment Fund	1.35	1.35	1.35	1.35	1.35	1.35
Peninsula Brookfield India Real Estate Fund	2.10	2.10	2.66	2.66	3.49	3.49
Milestone Domestic Scheme III	0.50	0.50	0.56	0.56	0.70	0.70
Accuraeap - Alpha 10	1.06	5.18	1.06	3.57	1.06	3.91
Accuraeap - Pico Power	1.44	7.63	1.44	3.30	1.44	4.57
Reliance Yield Maximiser Alternative Investment Fund - Scheme I	0.68	0.68	1.27	1.27	3.01	3.01
Quest Multi PMS Series 1	3.50	6.81	3.50	3.61	3.50	5.14
India Whizdom Fund	0.54	0.80	7.08	7.08	10.00	11.22
Avendus Enhanced Return Fund Series II	20.00	22.23	15.03	15.03	-	-
India Whizdom Fund II	9.99	9.99	-	-	-	-
<b>Total</b>	<b>44.93</b>	<b>61.04</b>	<b>38.96</b>	<b>43.44</b>	<b>33.30</b>	<b>42.14</b>

As at  
31 March 2021

As at  
31 March 2020

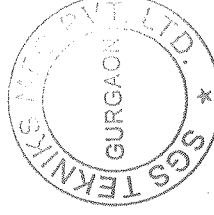
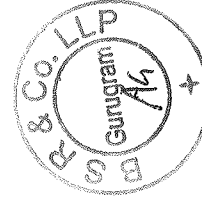
As at  
01 April 2019

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

281.98  
302.30  
44.93

218.22  
231.67  
38.96

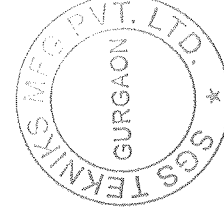
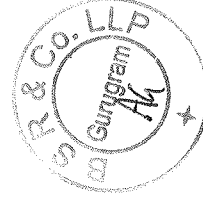
209.94  
223.73  
33.30



10	Trade receivables (Unsecured, considered good unless otherwise stated)	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
	Trade Receivables considered good - Unsecured	792.48	646.19	861.10
	Trade Receivables - credit impaired	7.48	11.78	8.37
	Less : Loss allowance	(22.55)	(26.62)	(27.54)
		<u>777.41</u>	<u>631.35</u>	<u>841.93</u>
11	Cash and cash equivalents	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
	Cash on hand	0.53	0.61	0.44
	Balances with banks	162.57	170.04	53.43
	- on current accounts	-	6.61	-
	- cheques in hand	<u>163.10</u>	<u>177.26</u>	<u>53.87</u>
12	Other bank balances	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
	Bank deposits due to mature within 12 months of the reporting date*	72.05	61.25	3.36
		<u>72.05</u>	<u>61.25</u>	<u>3.36</u>
12A	Other financial assets	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
	Derivative contracts entered to mitigate foreign currency risk#	1.55	9.73	1.52
		<u>1.55</u>	<u>9.73</u>	<u>1.52</u>

\* Fixed deposits of INR 0.95 Millions (31 March 2020: INR 0.89 Millions, 01 April 2019: Nil) under lien for Performance Bank Guarantees issued to customers and INR 7.50 Millions (31 March 2020: Nil, 01 April 2019: Nil) is under lien against working capital loan.

#represents fair value of the derivative contracts undertaken related to term loan and working capital loan and interest rates.



13 Share capital

	As at 31 March 2020	As at 01 April 2019
<b>Authorised</b>		
3,010,000 Million (31 March 2020: 3,010,000 Millions, 01 April 2019: 3,010,000 Millions) equity shares of INR 10 each		
<b>Issued, subscribed and paid-up</b>		
1,612,785 Million (31 March 2020: 1,612,785 Millions, 01 April 2019: 1,612,785 Millions) equity shares of INR 10 each	30.10 <u>30.10</u>	30.10 <u>30.10</u>
	16.13 <u>16.13</u>	16.13 <u>16.13</u>

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

	As at 31 March 2021		As at 31 March 2020		As at 01 April 2019	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
<b>Equity shares</b>						
Balance at the beginning of the year	16,12,785	16.13	16,12,785	16.13	16,12,785	16.13
<b>Balance at the end of the year</b>	<u>16,12,785</u>	<u>16.13</u>	<u>16,12,785</u>	<u>16.13</u>	<u>16,12,785</u>	<u>16.13</u>

b) Rights, preferences and restrictions attached to equity shares

Equity shares: The Company has only one class of equity shares having par value of INR 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.

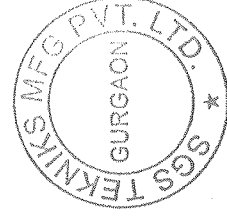
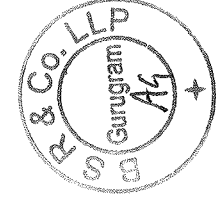
c) Particulars of shareholders holding more than 5% equity shares of the company

	As at 31 March 2021		As at 31 March 2020		As at 01 April 2019	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
<b>Equity shares of INR 10 each fully paid up held by:</b>						
-Mr. Sanjiv Narayan	3,22,557	20.00%	4,01,775	24.91%	4,01,775	24.91%
-Mr. Ranjit Singh	3,22,557	20.00%	4,01,774	24.91%	4,01,774	24.91%
-Mr. Krishna Kumar Pant	3,22,557	20.00%	4,01,773	24.91%	4,01,773	24.91%
-Mr. Jasbir Singh Gujral	3,22,557	20.00%	4,01,775	24.91%	4,01,775	24.91%
-Symma SGS Technology Limited (formerly known as Symma Technology Private Limited)	3,22,557	20.00%				

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.

e) The Company has executed Share Sale and Purchase and Shareholders' Agreement dated 23 October 2020 with Symma SGS Technology Limited (formerly known as Symma Technology Private Limited) by virtue of which 20% shares of the Company has been sold to Symma SGS Technology Limited (formerly known as Symma Technology Private Limited) by existing share holders as on date of agreement (refer note 40).



	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
<b>Capital reserve #</b>			
At the commencement of the year	433.16	433.16	433.16
<b>At the end of the year (A)</b>	<u>433.16</u>	<u>433.16</u>	<u>433.16</u>
<b>Capital redemption reserve^</b>			
At the commencement of the year	-	-	-
Amount transferred from surplus in the Statement of Profit and Loss	1.00	-	-
<b>At the end of the year (B)</b>	<u>1.00</u>	<u>-</u>	<u>-</u>
<b>Securities premium account §</b>			
At the commencement of the year	1,477.48	1,477.48	1,477.48
<b>At the end of the year (C)</b>	<u>1,477.48</u>	<u>1,477.48</u>	<u>1,477.48</u>
<b>General reserve%</b>			
At the commencement of the year	90.00	90.00	60.00
Amount transferred from surplus in the Statement of Profit and Loss	-	-	30.00
<b>At the end of the year (D)</b>	<u>90.00</u>	<u>90.00</u>	<u>90.00</u>
<b>Retained earnings @</b>			
At the commencement of the year	1,049.89	720.87	468.60
Profit for the year	271.99	351.11	300.07
Amount transferred to capital redemption reserve	(1.00)	-	-
Re-measurement gain/(loss) on defined benefit obligation (net of tax)	(0.46)	(1.68)	-
Ind AS Adjustment (refer note 44)	-	-	(4.19)
	<u>1,320.42</u>	<u>1,070.30</u>	<u>764.48</u>
<b>Less: Appropriations</b>			
-Dividend on equity shares for the year	-	16.93	11.29
-Dividend distribution tax on equity shares for the year	-	3.48	2.32
-Dividend on 10% redeemable non-cumulative preference shares for the year*	-	-	-
-Dividend distribution tax on preference shares for the year*	-	-	-
-Transfer to general reserve	-	-	30.00
	<u>20.41</u>	<u>20.41</u>	<u>43.61</u>
<b>At the end of the year (E)</b>	<u>1,320.42</u>	<u>1,049.89</u>	<u>720.87</u>
<b>Total (A+B+C+D+E)</b>	<u><u>3,322.06</u></u>	<u><u>3,050.53</u></u>	<u><u>2,721.51</u></u>

**Notes:**

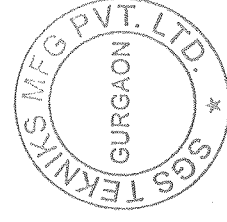
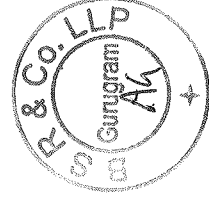
# Created as a result of merger scheme, between SGS Teknics Manufacturing Private Limited, SGS Holding & Leasing Private Limited and SGS Infotech Private Limited in the year ended 31 March 2012.

^ Created on account of redemption of preference shares during the current year as per the requirements of Companies Act, 2013.

§ Security premium is used to record the premium received on issue of shares. It will be utilised in accordance with the provisions of Companies Act, 2013.

%The General reserve is used from time to time to transfer profit from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

@ Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividend or other distribution to shareholders.





15 Long-term borrowings

	Non-current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2020	As at 01 April 2019
<b>Secured</b>				
-Term loan (from bank)*	2.52	15.71	21.54	20.18
-Vehicle loan (from bank)**	5.02	9.61	4.61	0.91
<b>Unsecured</b>				
Redeemable preference shares	-	-	0.95	-
	<u>7.54</u>	<u>25.32</u>	<u>27.10</u>	<u>21.09</u>

**Foot notes:**

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

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

Term loans taken by the Company with the interest rate ranging between 9.25% to 10.80% (31 March 2020 : 9.25% to 10.80%, 01 April 2019: 9.25% to 10.80%)  
Vehicle loans taken by the Company with the interest rate ranging between 7.75% to 9.28% (31 March 2020 : 7.75% to 9.28%, 01 April 2019: 7.75% to 9.28%)

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

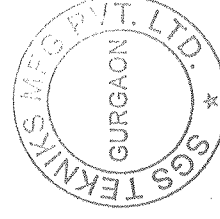
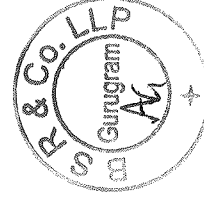
**Term Loan Maturity:**

- Repayable within 1 year
- Repayable within 1 - 3 year
- Repayable after 3 years

**Vehicle Loan:**

- Repayable within 1 year
- Repayable within 1 - 3 year
- Repayable after 3 years

	Non-current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2020	As at 01 April 2019
<b>Secured</b>				
-Term loan (from bank)*	12.80	21.54	21.54	20.18
-Vehicle loan (from bank)**	2.52	15.71	15.71	34.89
<b>Unsecured</b>				
Redeemable preference shares	-	-	4.61	0.91
	<u>5.02</u>	<u>15.71</u>	<u>9.61</u>	<u>1.23</u>



**Details of preference shares**

	As at 31 March 2021		As at 31 March 2020		As at 01 April 2019	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
<b>10% redeemable non-cumulative preference shares of INR 10 each fully paid up held by:</b>						
-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%

**Details of allotment of new shares for consideration other than cash during the period of five years immediately preceding the reporting date**

Nil (31 March 2020: 0.10 Million, 31 March 2019: 0.10 Million) 10% redeemable non-cumulative preference shares of INR 10 each were allotted during the year ended 31 March 2012, pursuant to the amalgamation of SGS Teknics Private Limited with SGS Teknics Manufacturing Private Limited, SGS Infotech Private Limited and SGS Holding & Leasing Private Limited.

Rights attached to the preference shares: The Company had a single class of preference shares of face value of INR 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 would have been 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 had approved the rate of dividend payable to all redeemable preference shareholders shall rank pari-passu with all existing equity shareholders.

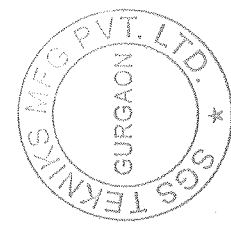
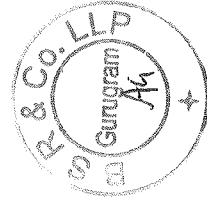
**Reconciliation of movements of liabilities to cash flows arising from financing activities**

	As at 31 March 2021	As at 31 March 2020
Borrowings at the beginning of the year (current and non-current borrowings)	315.14	582.10
Proceeds from borrowings	728.24	325.48
Repayments of borrowings	(627.82)	(637.08)
Interest on redeemable preference shares	0.05	1.35
Interest on lease liabilities	6.30	5.85
Additions to lease liabilities	-	31.22
Deletion to lease liabilities	-	-
Unrealised foreign exchange loss on borrowings	5.64	16.31
Payment of lease liabilities (including interest)	(8.48)	(10.09)
Borrowings at the end of the year (current and non-current borrowings)	<b>419.07</b>	<b>315.14</b>

16

**Provisions**

Particulars	Long-term provision		Short-term provision	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 01 April 2019
Provisions for employee benefits:				
- Provision for gratuity (refer to note 38)	15.39	12.40	3.49	2.98
- Provision for compensated absences (refer to note 38)	11.76	10.20	2.32	2.03
	<b>27.15</b>	<b>22.60</b>	<b>5.81</b>	<b>5.01</b>



17 Deferred tax liabilities (net)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
<b>Deferred tax liabilities</b>			
Property, Plant & Equipment and Intangibles assets	61.24	57.64	74.75
Mark to market gain on derivative contracts entered to mitigate foreign currency risk	0.39	2.45	0.53
Fair valuation of investments	13.00	4.18	7.91
	<u>74.63</u>	<u>64.27</u>	<u>83.19</u>
<b>Deferred tax assets</b>			
Expenditure covered by section 43B of Income-Tax Act, 1961	17.54	16.63	17.38
Long term capital loss	-	-	0.12
Loss allowances	5.68	6.70	9.62
Leases	2.92	1.20	-
	<u>26.14</u>	<u>24.53</u>	<u>27.12</u>
<b>Deferred tax liabilities (net)</b>	<u>48.49</u>	<u>39.74</u>	<u>56.07</u>

18 Other non-current liabilities

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Deferred government grant (refer below)	20.43	-	-
Other payables	9.48	-	-
	<u>29.91</u>	<u>-</u>	<u>-</u>
<b>Reconciliation of deferred government grant:-</b>			
Opening balance of Deferred government grant	-	-	-
Add : Government grant receivable	24.58	-	-
Less : Government grant recognised during the year	2.08	-	-
Closing balance of Deferred government grant	<u>22.50</u>	<u>-</u>	<u>-</u>
Non-current	20.43	-	-
Current	2.07	-	-
	<u>22.50</u>	<u>-</u>	<u>-</u>

Note:

The Company has been awarded with government grant during the year which was allowable and received after completion of installation of certain plant and equipments in specified region. The Company has received INR 24.58 during the year with respect to such grant. The grant has been recognised as deferred income and is amortised in proportion to depreciation expense charged in books related to such plant and equipments over their useful life.

19 Short-term borrowings

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
<b>Loans repayable on demand</b>			
Working capital loans from bank (secured)			
- Cash credit	72.37	-	400.83
- Working capital loan	-	159.32	-
- Packing credit loan in foreign currency	254.07	31.82	78.59
	<u>326.44</u>	<u>191.14</u>	<u>479.42</u>

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 Citibank.



Total outstanding dues of micro enterprises and small enterprises (refer note 42)  
Total outstanding dues of creditors other than micro enterprises and small enterprises

As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
53.55	30.29	38.22
583.76	504.57	591.55
<b>637.31</b>	<b>534.86</b>	<b>629.77</b>

21 Other current financial liabilities

To parties other than related parties

Current maturities of long-term debt (refer note 15)

Book overdraft

Capital creditors

Employee benefit and other dues\*

\*refer note 35(b) for related party transactions.

As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
15.69	27.10	21.09
-	-	8.63
7.43	27.32	14.48
61.93	52.15	46.98
<b>85.05</b>	<b>106.57</b>	<b>91.18</b>

22 Other current liabilities

Advance from customers

Deferred government grant

Statutory dues

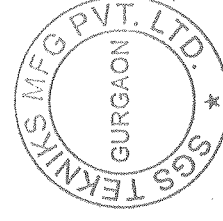
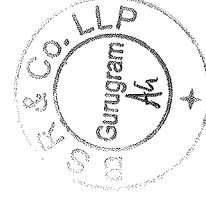
Other payables

As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
32.35	19.49	3.96
2.07	-	-
16.14	12.83	14.59
4.06	9.27	6.59
<b>54.62</b>	<b>41.59</b>	<b>25.14</b>

23 Current tax liabilities (net)

Provision for income tax [net of advance tax [ INR 85.67 Million (31 March 2020: INR 207.15 Million, 31 March 2019: INR 109.02 Million)]]

As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
10.28	22.20	9.15
<b>10.28</b>	<b>22.20</b>	<b>9.15</b>



**SGS Teknics Manufacturing Private Limited**  
**Notes to Standalone Financial Statements for the year ended 31 March 2021**  
**(All amounts are in millions Indian rupees unless otherwise stated)**

**24 Revenue from operations**

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Revenue from contracts with customers</b>		
-Sale of products	3,998.80	4,056.97
-Sale of services	92.36	109.44
	<b>4,091.16</b>	<b>4,166.41</b>

Notes:

a. Reconciliation of revenue recognized with the contract price is as follows:

Contract price	4,091.16	4,166.41
Revenue recognised	<b>4,091.16</b>	<b>4,166.41</b>

b. Contract balances

Contract liability, which are included in 'other current liabilities'	32.35	19.49
	<b>32.35</b>	<b>19.49</b>

**25 Other income**

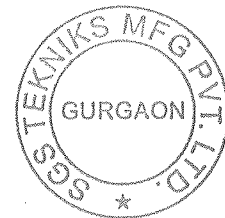
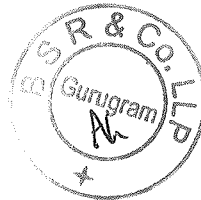
	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income on financial asset measured at amortised cost		
- fixed deposit	3.56	3.95
- others	0.47	0.50
- financial asset	0.25	0.20
Dividend income from mutual funds mandatorily measured at FVTPL	3.92	3.70
Net gain/(losses) on fair value changes measured at FVTPL	35.04	(5.52)
Net gain on account of sale of investment	7.98	12.42
Net gain on account of foreign exchange fluctuations	32.15	29.18
Mark to market (loss)/gain on derivative contracts entered to mitigate foreign currency risk	(8.18)	8.22
Gain on sale of property, plant and equipment (net)	0.64	0.44
Government incentive*	20.21	37.34
Miscellaneous income	5.45	13.88
Excess provision for loss allowance on financial assets written back	1.05	-
Liabilities no longer required written back	1.79	-
	<b>104.33</b>	<b>104.31</b>

\*There are no unfulfilled conditions and other contingencies attached to government assistance.

**26 Cost of materials consumed**

**Raw materials (including purchased components and packing material consumed)**

	For the year ended 31 March 2021	For the year ended 31 March 2020
Opening inventory	496.77	670.36
Add: purchases (net)	3,265.25	2,995.64
	<b>3,762.02</b>	<b>3,666.00</b>
Less : Closing inventory	788.03	496.77
	<b>2,973.99</b>	<b>3,169.23</b>



**SGS Teknics Manufacturing Private Limited**  
**Notes to Standalone Financial Statements for the year ended 31 March 2021**  
**(All amounts are in millions Indian rupees unless otherwise stated)**

**27 Changes in inventories of finished goods and work-in-progress**

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Finished goods</b>		
Opening inventory	72.69	48.74
Less: Closing inventory	53.04	72.69
<b>Total (A)</b>	<b>19.65</b>	<b>(23.95)</b>
<b>Work-in-progress</b>		
Opening stock	142.16	56.88
Less: Closing Stock	127.00	142.16
<b>Total (B)</b>	<b>15.16</b>	<b>(85.28)</b>
<b>Total (A+B)</b>	<b>34.81</b>	<b>(109.23)</b>

**28 Employee benefits expenses**

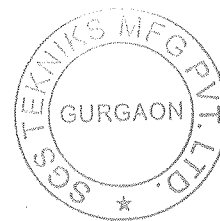
	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries, wages and bonus	427.47	422.90
Contribution to provident and other funds (refer note 38)	8.36	8.61
Gratuity (refer note 38)	3.75	3.13
Compensated absences (refer to note 38)	2.19	3.61
Staff welfare expenses	5.19	6.88
	<b>446.96</b>	<b>445.13</b>

**29 Finance costs**

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Interest expense</b>		
Interest on term loan and vehicle loan measured at amortised cost	3.14	4.67
Interest on packing credit loan	4.44	6.70
Interest on cash credit	2.91	14.48
Interest on working capital loan	6.73	4.95
Interest -others	0.35	6.63
Interest expense on financial liability measured at amortised cost	0.05	1.35
Interest of late payment of dues to micro enterprises and small enterprises	0.92	1.83
Interest expense on income tax	1.67	1.88
Interest cost on lease liabilities (refer note 36)	6.30	5.85
<b>Total</b>	<b>26.51</b>	<b>48.34</b>

**30 Depreciation and amortisation expense**

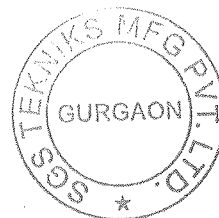
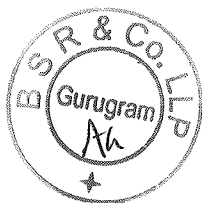
	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation on property, plant and equipments	82.84	73.63
Amortisation of intangible assets	3.13	2.66
Depreciation on Right of use asset	9.01	8.03
	<b>94.98</b>	<b>84.32</b>



**SGS Teknics Manufacturing Private Limited**  
**Notes to Standalone Financial Statements for the year ended 31 March 2021**  
**(All amounts are in millions Indian rupees unless otherwise stated)**

**31 Other expenses**

	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>
Power and fuel	36.04	37.81
Repair and maintenance		
Building	1.30	2.86
Machinery	15.53	9.90
Others	7.33	7.88
Job work charges	1.12	2.75
Bank charges	10.12	9.04
Insurance	8.65	5.62
Printing and stationery	4.53	2.78
Postage and courier	4.39	3.88
Travelling and conveyance	38.72	31.55
Rates and taxes	1.37	3.81
Provision for loss allowance on financial assets	-	2.97
Legal and professional charges	19.48	7.78
Office maintenance	19.20	15.52
Subscription and membership	1.50	1.73
Canteen expenses	3.87	3.33
Festival expenses	1.77	2.61
Charity and donation	0.24	0.52
Expenditure on corporate social responsibility (refer note no 34)	13.78	-
Payment to auditors (excluding taxes)		
- As auditor	3.00	1.60
- For reimbursement of expenses	0.11	0.24
Cartage and freight outgoing	45.33	22.27
Development charges	3.60	5.57
Miscellaneous expenses	6.13	7.35
	<b>247.11</b>	<b>189.37</b>



32 Income Tax Expense

A. Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Current tax</b>		
Current year	94.28	114.90
Previous period	(4.05)	(6.68)
	<u>90.23</u>	<u>108.22</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	8.90	(15.77)
	<u>8.90</u>	<u>(15.77)</u>
<b>Income tax expense reported in the statement of profit and loss</b>	<u><b>99.13</b></u>	<u><b>92.45</b></u>

B. Amounts recognised in other comprehensive Income/ (expense)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Re-Measurement gain/loss on defined benefit obligation	0.15	0.56
<b>Income tax recognised in other comprehensive income/(expense)</b>	<u><b>0.15</b></u>	<u><b>0.56</b></u>

C. Reconciliation of effective tax rate

Reconciliation of tax expense and the accounting profit/ (loss) multiplied by India's domestic tax rate for the year ended 31 March 2021 and 31 March 2020:

Particulars	For the year ended 31 March 2021		For the year ended 31 March 2020	
	Rate	Amount	Rate	Amount
<b>Profit before tax from continuing operations</b>		<b>371.13</b>		<b>443.56</b>
Tax using the Company's domestic tax rate	25.17%	93.41	25.17%	111.64
<b>Tax effect of:</b>				
Non-deductible expenses	1.14%	4.23	0.81%	3.60
Income taxable at specified rate	-0.54%	(2.01)	-1.10%	(4.88)
Tax-exempt income- Dividend Income	0.00%	-	-0.21%	(0.93)
Change in tax rates	0.00%	-	-3.60%	(15.95)
Changes in estimates related to prior years	0.76%	2.82	-0.22%	(0.99)
Changes in unrecognised temporary differences	0.18%	0.68	-0.01%	(0.04)
<b>Effective tax rate</b>		<u><b>26.71%</b></u>		<u><b>20.84%</b></u>
		<u><b>99.13</b></u>		<u><b>92.45</b></u>

D. Deferred Tax Liability/Assets:

The following is the analysis of deferred tax assets presented in the balance sheet:

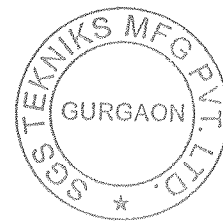
Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Deferred tax assets	26.14	24.53	27.12
Deferred tax liabilities	(74.63)	(64.27)	(83.19)
<b>Deferred tax liability (net)</b>	<b>(48.49)</b>	<b>(39.74)</b>	<b>(56.07)</b>

Movement of temporary differences

Particulars	For the year ended 31 March 2020				For the year ended 31 March 2021		
	Opening balance DTA/(DTL)	Recognized in Profit and loss	Recognized in OCI	Closing balance DTA/(DTL)	Recognized in Profit and loss	Recognized in OCI	Closing balance DTA/(DTL)
Provision for Employee benefits	17.38	(1.31)	0.56	16.63	0.76	0.15	17.54
Property, Plant & Equipment and Intangibles assets	(74.75)	17.11	-	(57.64)	(3.60)	-	(61.24)
Mark to market gain on cross currency interest rate swaps	(0.53)	(1.92)	-	(2.45)	2.06	-	(0.39)
Fair valuation of Investments	(7.91)	3.73	-	(4.18)	(8.82)	-	(13.00)
Capital losses carried forward	0.12	(0.12)	-	-	-	-	-
Leases	-	1.20	-	1.20	1.72	-	2.92
Loss allowances	9.62	(2.92)	-	6.70	(1.02)	-	5.68
<b>Total</b>	<b>(56.07)</b>	<b>15.77</b>	<b>0.56</b>	<b>(39.74)</b>	<b>(8.90)</b>	<b>0.15</b>	<b>(48.49)</b>

Note:

Deferred tax assets has not been recognized on temporary differences in relation to freehold land and indexation benefit of investment in subsidiaries as the Company is able to control the timing of the reversal of these temporary differences and it is probable that these differences will not reverse in foreseeable future.





**SGS Teknics Manufacturing Private Limited**  
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**33. Contingent Liabilities and Commitments:**

**a. Claim against company not acknowledged as debt**

**Income tax matters in dispute/under appeal**

(i) Income Tax Demands being disputed by the Company INR 5.11 Million (31 March 2020: INR 5.11 Million; 31 March 2019: INR 10.27 Million). The Company has deposited INR 4.22 Million under protest and the same has been included in the Other loans and advances (refer note 7). The Income Tax demand excludes penalty and interest. 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 0.18 Million (31 March 2020: INR 0.18 Million, 31 March 2019: INR 0.18 Million). 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.

(iii) Pending resolution of aforesaid proceedings, it is not practicable for the Holding Company to estimate the timing of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/ decision pending with various forums/authorities.

**b. Capital and other commitments**

Capital Commitments: Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances): INR 3.99 Million (31 March 2020: 16.07 Million, 31 March 2019: Nil)

c. 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. Further, management also believes that the impact of the same on the company will not be material.

**34. 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 2021	For the year ended 31 March 2020
Gross amount required to be spent by the company during the year*	7.78	5.87
Amount spent and paid during the year		
i) Construction/ acquisition of any asset	-	-
ii) on purpose other than (i) above	10.00	-

\*amount lying unspent at the year end 31 March 2021 is INR 3.65 Million

During the year ended 31 March 2021, the company has recognised expenses of INR 13.78 Million under "Other Expenses" in Statement of Profit and Loss out of which INR 5.87 Million pertains to year ended 31 March 2020 and balance pertains to year ended 31 March 2021.

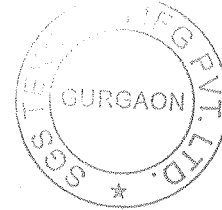
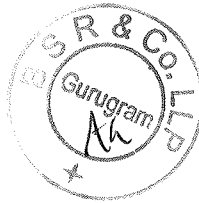


**SGS Tekniks Manufacturing Private Limited**  
**Notes to Standalone Financial Statements for the year ended 31 March 2021**  
**(All amounts are in millions Indian rupees unless otherwise stated)**

**35. Related party disclosures**

a) List of related parties

Description of relationship	Name of the related party
Key managerial personnel	Mr. Sanjiv Narayan (Director and shareholder)
	Mr. J.S. Gujral (Director and shareholder)
	Mr. R.S. Lonial (Director and shareholder)
	Mr. K.K. Pant (Director and shareholder)
	Mr. Sandeep Tandon (Director w-e-f 05-November-2020)
Subsidiary Company	SGS Solutions GmbH, Germany
	SGS Infosystems Private Limited, India
Entities in which Key managerial personnel's has significant influence	(i) SGS Manufacturing & Trading Private Limited
	(ii) Syma SGS Technology Limited (formerly known as Syma Technology Private Limited) (from 5-November-2020 upto 17-September-2021) -refer note 40



**SGS Tehniks Manufacturing Private Limited**  
**Notes to Standalone Financial Statements for the year ended 31 March 2021**  
**(All amounts are in millions Indian rupees unless otherwise stated)**

**35. Related party disclosures**

b) Related Party transactions during the year :-

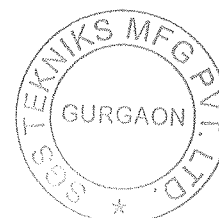
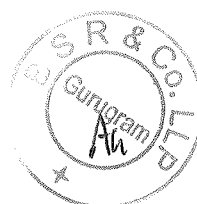
Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Sale of products</b>		
- SGS Solutions GmbH	56.32	45.21
<b>Sale of services</b>		
- SGS Solutions GmbH	1.07	0.66
<b>Purchase of manufacturing Products</b>		
- SGS Solutions GmbH	2.99	0.74
<b>Expenditure incurred on our behalf</b>		
Development charges/ Reimbursement of Expenses		
- SGS Solutions GmbH	0.04	0.36
<b>Miscellaneous income</b>		
- SGS Solutions GmbH	0.93	0.85
<b>Rent paid (excluding taxes)</b>		
- SGS Infosystems Private Limited	3.60	2.89
<b>Advances Received</b>		
- Sanjiv Narayan	1.20	-
- J. S. Gujral	1.14	1.00
- R. S. Lonial	0.50	-
<b>Short term employee benefits#</b>		
- Sanjiv Narayan	5.41	5.01
- J S Gujral	10.68	9.58
- R S Lonial	10.67	9.56
- K K Pant	10.67	9.56

#The benefits to the key managerial personnel as disclosed above includes only short term employee benefits as per the board approval. There are no post employment and other long term benefit available to the key managerial personnel.

c) **Outstanding balance as at year end**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020	As at 01 April 2019
<b>Receivables</b>			
- SGS Solutions GmbH	35.01	25.64	16.43
<b>Payables</b>			
- SGS Solutions GmbH	0.66	-	-
<b>Lease obligation</b>			
- SGS Infosystems Private Limited	3.41	0.33	0.81
<b>Employee benefit and other dues</b>			
- Sanjiv Narayan	2.21	0.55	0.55
- J. S. Gujral	4.86	2.78	1.79
- R. S. Lonial	2.53	1.08	1.09
- K.K. Pant	2.03	1.00	1.00

The Subsidiary company "SGS Infosystem Private Limited" has given corporate bank guarantee against borrowing facility provided by CITI Bank to the Company.



**SGS Teknics Manufacturing Private Limited**  
**Notes to Standalone Financial Statements for the year ended 31 March 2021**  
**(All amounts are in millions Indian rupees unless otherwise stated)**

**36. Leases**

This note provides information for leases where the Company is a lessee. The Company has taken lease properties which are being used as manufacturing plants. Lease contracts are entered for a term of 10 years to 11 years.

The Company has adopted Ind AS 116 by applying exemption provided under Ind AS 101. Following approach is followed on transition date (1 April 2019) when applying Ind AS 116 initially using modified retrospective approach where in:

- i) lease liability is recognised, for leases which were previously classified as operating leases, by measuring the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.
- ii) a right-of-use assets is recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the restated assets and liabilities immediately before the date of initial application.

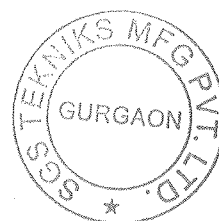
The Company also applied the available practical expedients wherein it:

- a) Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- b) Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- c) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

Information about leases for which the Company is a lessee is presented below

**(i) Right of use asset**

	<b>Building</b>	<b>Total</b>
<b>Cost</b>		
As at 01 April 2019	42.22	42.22
Additions	32.61	32.61
Termination/end of lease contracts	-	-
<b>As at 31 March 2020</b>	<b>74.83</b>	<b>74.83</b>
Additions	-	-
Termination/end of lease contracts	-	-
<b>As at 31 March 2021</b>	<b>74.83</b>	<b>74.83</b>
<b>Accumulated depreciation</b>		
As at 01 April 2019		8.03
Charge for the year	8.03	8.03
Termination/end of lease contracts	-	-
<b>As at 31 March 2020</b>	<b>8.03</b>	<b>8.03</b>
Charge for the year	9.01	9.01
Termination/end of lease contracts	-	-
<b>As at 31 March 2021</b>	<b>17.04</b>	<b>17.04</b>
<b>Carrying amount</b>		
As at 31 March 2021	57.79	57.79
As at 31 March 2020	66.80	66.80
As at 01 April 2019	42.22	42.22



**(ii) Lease liability**

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Opening balance	71.58	44.60	44.60
Additions	-	31.22	-
Accretion of interest	6.30	5.85	-
Lease payments	(8.48)	(10.09)	-
Termination/end of lease contracts	-	-	-
<b>Closing balance</b>	<b>69.40</b>	<b>71.58</b>	<b>44.60</b>
	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Current	10.15	5.95	4.25
Non-Current	59.25	65.63	40.35
	<b>69.40</b>	<b>71.58</b>	<b>44.60</b>

**(iii) Contractual maturities of lease liabilities on as undiscounted basis are as given below:**

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Not later than one year	15.88	12.25	7.86
Later than one year and not later than five years	54.78	52.70	33.98
Later than five years	23.56	38.11	19.52
<b>Total</b>	<b>94.22</b>	<b>103.06</b>	<b>61.36</b>

**(iv) Amounts recognised in the statement of profit and loss**

	As at 31 March 2021	As at 31 March 2020
Depreciation charge on right-of-use assets	9.01	8.03
Interest expense on lease liabilities (included in finance costs)	6.30	5.85
	<b>15.31</b>	<b>13.88</b>

**(v) Discount rate**

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Discount rate	9.25%	9.25%	9.25%

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019

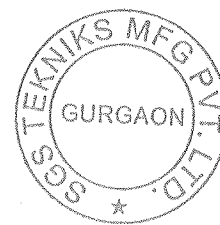
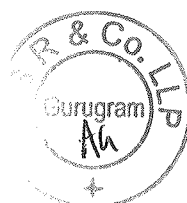
**(vi) Effect of standard**

	As at 31 March 2021	As at 31 March 2020
Rent expense decreased by	9.61	7.59
Depreciation increased by	(9.01)	(8.03)
Interest expense increased by	(6.30)	(5.85)
	<b>(5.70)</b>	<b>(6.29)</b>

**37. Earning Per Share**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Net profit after tax	271.99	351.11
Net profit attributable to equity shareholders	271.99	351.11
Weighted average number of equity shares for calculation of earnings per share	16,12,785	16,12,785
Basic and diluted earnings per share of face value of INR 10 each.	168.65	217.70

There are no dilutive equity shares.



**38. Employee Benefits**

**Defined contribution plan**

Provident Fund and Other Funds : A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions for provident fund and pension as per the provisions of the Provident Fund Act, 1952 and other acts of the government. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employees render the related services. The Company's obligation is limited to the amounts contributed by it as follows.

Particulars	Year ended	Year ended
	31 March 2021	31 March 2020
Provident fund	7.46	7.46
Employees' State Insurance	0.76	1.02
Other Fund	0.14	0.13
<b>Total</b>	<b>8.36</b>	<b>8.61</b>

**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 (L.I.C). Rate of return is given by the insurance company. The benefits vest after 5 years of continuous service except in case of death where no vesting conditions apply.

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

**a) Net defined benefit liability:**

Particulars	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Non-current	15.39	12.40	8.92
Current	3.49	2.98	1.59
<b>Total liability</b>	<b>18.88</b>	<b>15.38</b>	<b>10.51</b>

**b) Movement in defined benefit liability:**

Particulars	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Defined benefit obligation, beginning of the year	19.44	14.24	9.14
Current service cost	2.75	2.45	1.86
Interest cost	1.27	0.93	0.70
Actuarial loss	0.63	2.19	3.32
Benefits paid	(1.02)	(0.36)	(0.79)
<b>Defined benefit obligation, end of the year</b>	<b>23.07</b>	<b>19.44</b>	<b>14.23</b>

**c) Movement in the fair value of plan assets :**

Particulars	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Fair value of plan assets, beginning of the year	4.06	3.73	3.88
Return on plan assets	0.26	0.24	0.30
Contributions	0.86	0.50	0.50
Benefits paid	(1.02)	(0.36)	(0.79)
Actuarial gain/(loss) on plan assets	0.03	(0.05)	(0.17)
<b>Fair value of plan assets, end of the year</b>	<b>4.19</b>	<b>4.06</b>	<b>3.72</b>

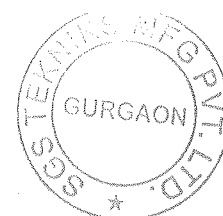
**d) Funded status**

Particulars	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Present value of funded obligation	18.88	15.38	10.51
Surplus of plan assets over obligations	-	-	-

**e) Composition of Planned Assets:**

Particulars	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
LIC*	4.19	4.06	3.73

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



38. Employee Benefits

f) Net periodic gratuity cost, included in employee cost, consist of the following components:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Current service cost	2.75	2.45
Interest cost	1.26	0.93
Return on plan assets	(0.26)	(0.24)
Net actuarial loss recognized during the year	0.61	2.24
Total (included in "Employee benefits expense")	4.36	5.38

g) Remeasurement of the net defined benefit liability/ (assets)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Actuarial (gain)/ losses arising from:			
Demographic assumption (A)	-	-	-
Financial assumptions (B)	-	1.37	2.54
Experience adjustment (C)	0.63	0.82	0.78
Remeasurement of the net defined benefit liability (A)+(B)+(C)	0.63	2.19	3.32
Remeasurement of plan assets	(0.03)	0.05	0.17
Total	0.60	2.24	3.49

h) Assumption used in accounting for the defined benefit plan are set out below:

Particulars	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Discount rate	6.50%	6.50%	7.75%
Expected rate of salary increase	8.00%	8.00%	8.00%
Retirement age	58 / 60 years	58 / 60 years	58 / 60 years
Mortality table	IALM (2012-14)	IALM (2012-14)	IALM (2006-08)
Withdrawal rates			
- Up to 30 years age	40.00%	40.00%	40.00%
- From 31 to 44 years	15.00%	15.00%	15.00%
- Above 44 years	7.00%	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 INR 3.49 Million (31 March 2020 : 2.98 Million)

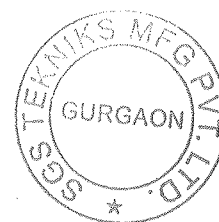
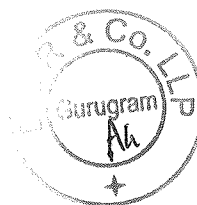
i) Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

Particulars	As at 31 March 2021		As at 31 March 2020		As at 01 April 2019	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	1.28	1.43	1.23	1.11	0.87	0.78
Salary escalation rate (1% movement)	1.39	1.27	1.20	1.10	0.86	0.79

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position.



38. Employee Benefits

j) The defined benefit obligation shall mature after year end 31 March 2021 as follows:

Year ending 31 March	Defined benefit obligation	Year ending 31 March	Defined benefit obligation
2022	3.49	2021	2.98
2023	1.11	2022	0.61
2024	0.83	2023	1.00
2025	1.82	2024	0.67
2026	1.19	2025	1.64
Thereafter	14.63	Thereafter	12.55

k) Compensated absence ( other long term employee benefit)

The Company provides for compensated absences to its employees. The employees can carry-forward a portion of the unutilized accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement.

The scheme is unfunded and liability for the same is recognized on the basis of actuarial valuation. A provision of INR 14.08 Million (31 March 2020: INR 12.45 Million, 31 March 2019: INR 9.39 Millions) for the years have been made on the basis of actuarial valuation at the year end and debited to the Statement of Profit and Loss.





39. Segment information

The Company publishes standalone financial statements along with the consolidated financial statements in the annual report. In accordance with Indian Accounting Standard 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

40. Pursuant to share purchase agreement dated October 23, 2020, the Company, Syrma SGS Technology Limited (formerly known as Syrma Technology Private Limited) (Syrma), existing shareholders of the Company, Tancoon Electronics Private Limited, Sandeep Tandon and Veena Kumar Tandon entered in to an agreement where in Syrma agreed to purchase 20% stake in the Company from existing shareholders. The Company and Syrma also decided to merger both the Companies and decide to file application with respective National Company Law Tribunal (NCLT) for necessary approvals. Subsequent to the year end, the Company and Syrma decided to withdraw merger application from NCLT due to decision taken by both the parties for not to proceed with the proposed merger. The Company and the existing shareholders of the Company (Syrma SGS Technology Limited (formerly known as Syrma Technology Private Limited), Sanjiv Narayan, Jasbir Singh Gujral, Krishna Kumar Pant and Ranjit Singh Lonial) entered into Share Sale and Purchase and Shareholder's Agreement dated 16 September 2021 whereby SGS Tekniks Manufacturing Private Limited has now become 100% subsidiary of Syrma SGS Technology Limited (formerly known as Syrma Technology Private Limited).

41. The Company has incurred Research and Development ("R&D") expenditure during the year. The details are as follows:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Salary	22.32	19.48
Development charges (including material)	2.28	4.66
<b>Total</b>	<b>24.60</b>	<b>24.14</b>

42. Details of dues to micro, small and medium enterprises as defined under the MSMED Act, 2006 to the extent information available with company.

Particulars	As at	As at	As at
	31 March 2021	31 March 2020	01 April 2019
The amounts remaining unpaid to micro, small and medium suppliers as at the end of the year:			
-Principal	51.04	26.13	35.88
-Interest	2.51	4.17	2.34
	<b>53.55</b>	<b>30.30</b>	<b>38.22</b>
The amount of the payments made to micro, small and medium suppliers beyond the appointed day during the year			
-Principal	65.52	113.67	168.64
-Interest	2.58	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest under MSMED Act, 2006	0.41	1.26	2.27
The amount of interest accrued and remaining unpaid at the end of each accounting year	2.51	4.17	2.34
The amount of further interest remaining due and payable even in the succeeding years, 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 of the MSMED Act, 2006	-	-	-



43. Financial Instruments

D) Financial instruments by category

The carrying value of financial instruments by categories as at 31 March 2021 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets at fair value through OCI	Total carrying value
<b>Assets:</b>				
Cash and cash equivalents	163.10	-	-	163.10
Other balances with banks	72.05	-	-	72.05
Investment in Equity instruments of Subsidiary Companies	120.75	-	-	120.75
Investment in debentures or bonds	4.95	24.07	-	29.02
Investment in mutual fund	-	302.30	-	302.30
Investment in other -unquoted investments	-	61.04	-	61.04
Loans	8.98	-	-	8.98
Trade receivables	777.41	-	-	777.41
Other financial assets	2.35	1.55	-	3.90
<b>Total</b>	<b>1,149.59</b>	<b>388.96</b>	<b>-</b>	<b>1,538.55</b>
<b>Liabilities:</b>				
Trade payables	637.31	-	-	637.31
Borrowings - Long term	7.54	-	-	7.54
Borrowings - Short term	326.44	-	-	326.44
Lease Obligation	69.41	-	-	69.41
Other financial liabilities	85.05	-	-	85.05
<b>Total</b>	<b>1,125.75</b>	<b>-</b>	<b>-</b>	<b>1,125.75</b>

The carrying value of financial instruments by categories as at 31 March 2020 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets at fair value through OCI	Total carrying value
<b>Assets:</b>				
Cash and cash equivalents	177.26	-	-	177.26
Other balances with banks	61.25	-	-	61.25
Investment in Equity instruments of Subsidiary Companies	120.75	-	-	120.75
Investment in debentures or bonds	4.95	18.07	-	23.02
Investment in mutual fund	-	231.67	-	231.67
Investment in other -unquoted investments	-	43.45	-	43.45
Loans	8.67	-	-	8.67
Trade receivables	631.35	-	-	631.35
Other financial assets	1.61	9.73	-	11.34
<b>Total</b>	<b>1,005.84</b>	<b>302.92</b>	<b>-</b>	<b>1,308.76</b>
<b>Liabilities:</b>				
Trade payables	534.87	-	-	534.87
Borrowings - Long term	25.32	-	-	25.32
Borrowings - Short term	191.14	-	-	191.14
Lease Obligation	71.58	-	-	71.58
Other financial liabilities	106.57	-	-	106.57
<b>Total</b>	<b>929.48</b>	<b>-</b>	<b>-</b>	<b>929.48</b>

The carrying value of financial instruments by categories As at 01 April 2019 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets at fair value through OCI	Total carrying value
<b>Assets:</b>				
Cash and cash equivalents	53.87	-	-	53.87
Other balances with banks	3.36	-	-	3.36
Investment in Equity instruments of Subsidiary Companies	120.75	-	-	120.75
Investment in debentures or bonds	4.95	-	-	4.95
Investment in mutual fund	-	223.73	-	223.73
Investment in other -unquoted investments	-	42.14	-	42.14
Loans	7.32	-	-	7.32
Trade receivables	841.93	-	-	841.93
Other financial assets	58.27	-	-	58.27
<b>Total</b>	<b>1,090.45</b>	<b>265.87</b>	<b>-</b>	<b>1,356.32</b>
<b>Liabilities:</b>				
Trade payables	629.76	-	-	629.76
Borrowings - Long term	36.99	-	-	36.99
Borrowings - Short term	479.42	-	-	479.42
Lease Obligation	44.60	-	-	44.60
Other financial liabilities	91.18	-	-	91.18
<b>Total</b>	<b>1,281.95</b>	<b>-</b>	<b>-</b>	<b>1,281.95</b>

The management assessed that the fair values of current financial assets and liabilities significantly approximate their carrying amounts largely, as the carrying value approximate to realisable value. Accordingly, management has not disclosed fair values for financial instruments such as cash and cash equivalents, other balances with banks, trade receivables, other financial assets, trade payables, borrowings, lease obligation and other financial liabilities and disclosed them in amortised cost.

The fair value of non-current financial assets and financial liabilities are determined by discounting future cash flows using current rates of instruments with similar terms and credit risk. The current rates used do not reflect significant changes from the discount rates used initially. Therefore, the carrying value of these instruments measured at amortised cost approximate their fair value. Accordingly management has disclosed investment in debentures or bonds, loans, other financial assets, borrowings, lease obligation and other financial liabilities in amortised cost. Other financial assets includes derivative contracts entered to mitigate foreign currency risk which are measured at fair value basis mark to market valuations share by the bank.

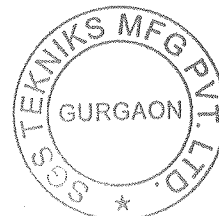
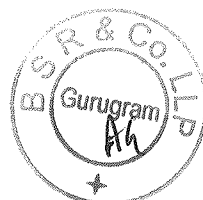
II) Fair Value Hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There are no transfer between Level 1, Level 2 and Level 3.



43. Financial Instruments

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at 31 March 2021:

Particulars	As at 31 March 2021	Fair value measurement as at end of the reporting period using		
		Level 1	Level 2	Level 3
<b>Financial assets</b>				
Investment in debentures or bonds	24.07	-	-	24.07
Investments in mutual fund	302.30	302.30	-	-
Investment in other investments - unquoted	61.04	61.04	-	-
Derivative contracts entered to mitigate foreign currency risk	1.55	-	-	1.55
<b>Financial liabilities</b>				
Borrowings - Long term	7.54	-	-	7.54
Borrowings - Short term	326.44	-	-	326.44
<b>Total</b>	<b>396.50</b>	<b>363.34</b>		<b>33.16</b>

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at 31 March 2020:

Particulars	As at 31 March 2020	Fair value measurement as at end of the reporting period using		
		Level 1	Level 2	Level 3
<b>Financial assets</b>				
Investment in debentures or bonds	18.07	-	-	18.07
Investments in mutual fund	231.67	231.67	-	-
Investment in other investments - unquoted	43.45	43.45	-	-
Derivative contracts entered to mitigate foreign currency risk	9.73	-	-	9.73
<b>Financial liabilities</b>				
Borrowings - Long term	25.32	-	-	25.32
Borrowings - Short term	191.14	-	-	191.14
<b>Total</b>	<b>328.24</b>	<b>275.12</b>		<b>53.12</b>

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at 31 March 2019:

Particulars	As at 01 April 2019	Fair value measurement as at end of the reporting period using		
		Level 1	Level 2	Level 3
<b>Financial assets</b>				
Investments in mutual fund	223.73	223.73	-	-
Investment in other investments - unquoted	42.14	42.14	-	-
Derivative contracts entered to mitigate foreign currency risk	-	-	-	-
<b>Financial liabilities</b>				
Borrowings - Long term	36.99	-	-	36.99
Borrowings - Short term	479.42	-	-	479.42
<b>Total</b>	<b>302.86</b>	<b>265.87</b>		<b>36.99</b>

Measurement of fair values

Valuation techniques and significant unobservable inputs

The following table show the valuation technique used in measuring level 2 and level 3 fair values for financial instruments in the consolidated financial statements, as well as the significant unobservable input used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investment in debentures or bonds	The fair value is estimated considering current or recent quoted prices for identical securities in market that are not active.	Not applicable	Not applicable
Derivative contracts entered to mitigate foreign currency risk	The fair value is calculated based on mark to market confirmation received from lender bank at the period end which is being treated as level 2.	Not applicable	Not applicable
Other financial liabilities*	Discounted cash flows: the valuation model considers the present value of expected payment discounted using a risk-adjusted discount rate.	Not applicable	Not applicable

\*Other financial liability includes secured bank loans and redeemable preference share

III) Financial Risk Management

Financial Risk Factors

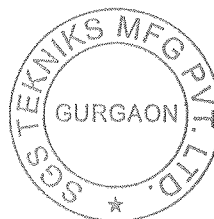
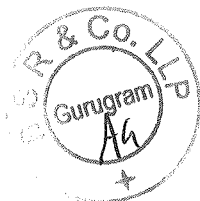
The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee risk and seek to minimize potential adverse effects on its financial performance. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors have authorised senior management to establish the processes, who ensures that executive management controls risks through the mechanism of properly defined framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risks limits and controls, to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities.

(i) Market risk

Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in foreign currency exchange rates, NAV of Mutual funds, interest rates, credit, liquidity and other market changes. The Company exposure to market risk is primarily on account of foreign currency exchange rate risk.

Foreign currency exchange rate risk

The Company evaluates the exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies which are approved by the senior management and the Board, including the use of derivatives to mitigate exposure to foreign currency risk.

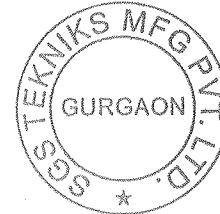


43. Financial Instruments

The Company's foreign currency exposure on account of foreign currency denominated receivables and payables not hedged as at year end are:

Particulars	As at 31 March 2021		As at 31 March 2020		As at 01 April 2019	
	Amount (FC)	Amount (Rupees)	Amount (FC)	Amount (Rupees)	Amount (FC)	Amount (Rupees)
<b>Trade receivable</b>						
Euro	0.21	18.47	1.04	86.77	1.37	103.89
US Dollar	3.02	222.10	2.26	170.60	1.65	111.79
<b>Bank Balance</b>						
EURO	0.35	29.74	0.05	3.85	0.07	5.36
US Dollar	0.39	28.33	0.49	37.00	0.46	30.88
<b>Payables including capital creditors</b>						
Euro	0.35	30.55	0.25	20.92	0.47	37.11
US Dollar	2.97	218.14	2.39	180.17	4.20	296.54
Japanese Yen	12.89	8.55	39.51	27.52	34.10	21.78
Great Britain Pound (GBP)	0.00	0.49	0.00	0.14	0.00	0.16
Swiss Franc (CHF)	0.01	1.08	0.01	0.66	0.00	0.13
<b>Packing Credit</b>						
US Dollar	3.46	254.07	0.42	31.82	1.11	78.59
<b>Term Loan*</b>						
US Dollar	0.21	15.32	0.49	37.25	0.78	55.07
<b>Working Capital Loan*</b>						
US Dollar	-	-	1.47	109.32	-	-

\*The Company has entered into derivative contracts to mitigate foreign currency risk against the variability in foreign exchange and interest rates on its foreign currency loans outstanding as at respective year ends. As at 31 March 2021, 31 March 2020 and 31 March 2019, the company had fair values of derivative contracts of INR 1.55 Million, INR 9.73 Million and INR 1.52 Million respectively. Mark-to-market loss/gain on the derivative contracts have been recorded in the Statement of Profit and Loss in respective years. The fair values of derivative contracts are based on mark-to-market valuations as provided by the counterparty bank quotes.



43. Financial Instruments

Forex sensitivity analysis:

The following table details the Company's sensitivity to a 1% increase and decrease in the INR against relevant foreign currencies. 1% is the rate used in order to determine the sensitivity analysis considering the past trends and expectations of the management for changes in the foreign currency exchange rate. The sensitivity analysis includes the outstanding foreign currency denominated monetary items and adjust their transaction at the period/year end for 1% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the INR strengthens 1% against the relevant currency. For a 1% weakening of the INR against the relevant currency, there would be a comparable impact on the profit or equity balance below would be negative. This analysis is performed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the period/year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	Sensitivity Analysis	Impact on PAT		
		As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
INR Sensitivity (Increase)	1%			
- Trade Receivable		2.41	2.57	2.16
- Bank Balance		0.58	0.41	0.36
- Payable including capital creditors		(2.59)	(2.29)	(3.56)
- Packing Credit		(2.54)	(0.32)	(0.79)
<b>Strengthening Total</b>		<b>(2.14)</b>	<b>0.37</b>	<b>(1.83)</b>
INR Sensitivity (Decrease)	1%			
- Trade Receivable		(2.41)	(2.57)	(2.16)
- Bank Balance		(0.58)	(0.41)	(0.36)
- Payable including capital creditors		2.59	2.29	3.56
- Packing Credit		2.54	0.32	0.79
<b>Weakening Total</b>		<b>2.14</b>	<b>(0.37)</b>	<b>1.83</b>

Particulars	Sensitivity Analysis	Impact on Other Equity (net of tax)		
		As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
INR Sensitivity (Increase)	1%			
- Receivable		1.80	1.93	1.61
- Bank		0.43	0.31	0.27
- Payable		(1.94)	(1.72)	(2.66)
- Packing Credit		(1.90)	(0.24)	(0.59)
<b>Strengthening Total</b>		<b>(1.61)</b>	<b>0.28</b>	<b>(1.37)</b>
INR Sensitivity (Decrease)	1%			
- Receivable		(1.80)	(1.93)	(1.61)
- Bank		(0.43)	(0.31)	(0.27)
- Payable		1.94	1.72	2.66
- Packing Credit		1.90	0.24	0.59
<b>Weakening Total</b>		<b>1.61</b>	<b>(0.28)</b>	<b>1.37</b>

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 by entering into fixed-rate instruments with banks ensuring that there are no variability in cash flows attributable to interest rate risk.

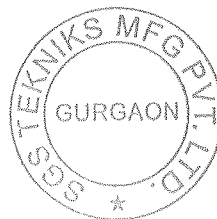
(ii) Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms and obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the Balance Sheet:

Particulars	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Cash and cash equivalents	163.10	177.26	53.87
Other balances with banks	72.05	61.25	3.36
Investment in debentures or bonds	29.02	23.02	4.95
Investment in mutual fund	302.30	231.67	223.73
Investment in other - unquoted investments	61.04	43.45	42.14
Loans	8.98	8.67	7.32
Trade receivables	777.41	631.35	841.93
Other financial assets	3.90	11.34	58.27

Credit risk on cash and cash equivalents, other balances with banks and other financial assets is limited as the Company generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies. Credit risk on investments in mutual funds, bonds and other investments is limited as the company generally invests after reviewing the rating provided by credit agencies. The credit risk on loans is also limited as majority amounts are none other than security deposits provided against factory premises obtained on leases. Other financial assets are "Derivative contracts entered to mitigate foreign currency risk" entered with banks with high credit ratings assigned by domestic credit rating agencies. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. The Company monitors the economic environment in which it operates.



43. Financial Instruments

Trade receivable

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. The Company recognises lifetime expected losses for all trade receivables. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information specially for significant changes in the expected performance and behavior of the customers, including changes in payment status of the customers in the group for which expected credit loss model has been applied and expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customers ability to make payments. For all other financial assets, expected credit losses are measured at an amount equal to the 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix considering the customer profile. The provision matrix takes into account historical credit loss experience. The Company's exposure to customers is diversified. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are in default ( credit impaired) if payments are not received in the considerable period of time which is generally more than one year.

The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. Movement in the expected credit loss allowance:

Following table provides age wise breakup of receivables (gross)

Ageing	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Not Due	530.21	359.28	661.77
0-90 days past due	233.35	224.09	172.36
91-180 days past due	18.78	57.30	22.40
181 - 270 days	8.85	3.00	3.04
271 - 365 days	1.30	2.52	1.53
More than 1 year	7.48	11.78	8.37
<b>Total</b>	<b>799.97</b>	<b>657.97</b>	<b>869.47</b>

Expected credit loss allowance as per provision matrix

Particulars	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Not Due	10.05	5.85	11.81
0-90 days past due	4.40	3.24	4.37
91-180 days past due	0.14	4.68	1.84
181 - 270 days	0.09	0.20	0.62
271 - 365 days	0.39	0.87	0.53
More than 1 year	7.48	11.78	8.37
<b>Total</b>	<b>22.55</b>	<b>26.62</b>	<b>27.54</b>

Following table provides age wise breakup of receivables (net)

Ageing	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Not Due	520.16	353.43	649.97
0-90 days past due	228.95	220.85	167.99
91-180 days past due	18.64	52.62	20.56
181 - 270 days	8.76	2.81	2.41
271 - 365 days	0.90	1.64	1.00
More than 1 year	-	-	-
<b>Total</b>	<b>777.41</b>	<b>631.35</b>	<b>841.93</b>

Movement in Expected credit loss

Particulars	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Balance at the beginning of the year	(26.62)	(27.54)	(27.54)
Expected credit loss allowance on trade receivables reversed / (provided) during the year	1.05	(2.97)	-
Bad debts written off	3.02	3.89	-
<b>Balance at the end of the year</b>	<b>(22.55)</b>	<b>(26.62)</b>	<b>(27.54)</b>

(iii) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are fallen due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that its liquidity position, including total cash and bank balances of INR 235.16 Million as at 31 March 2021, INR 238.52 Million as at 31 March 2020 and INR 57.23 Million as at 31 March 2019 anticipated future internally generated funds from operations, and its fully available, revolving undrawn credit facility will enable it to meet its future known obligations in the ordinary course of business. However, if a liquidity needs were to arise, the Company believes it has access to financing arrangements, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and other liquidity requirements. The Company will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirements as necessary.

The Company's liquidity management process as monitored by management, includes the following:

- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining rolling forecasts of the Company's liquidity position on the basis of expected cash flows.
- Maintaining diversified credit lines.

I. Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
From banks - Current	333.43	470.23	184.23
From banks - Non current	-	-	-
From others - Current	-	-	-

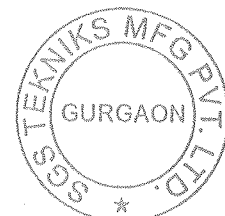
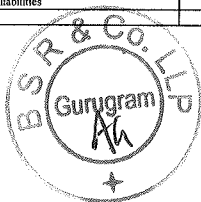
II. Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted:

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2021

As at 31 March 2021	Contractual cash flows				Carrying Amount
	0-1 years	1-5 years	More than 5 years	Total	
<b>Non derivative financial liabilities</b>					
Financial liabilities - Total Borrowings	343.30	7.97	-	351.27	349.67
Lease liabilities	15.88	54.78	23.56	94.22	69.41
Trade payables	637.31	-	-	637.31	637.31
Other financial liabilities	69.36	-	-	69.36	69.36
<b>Total</b>	<b>1,065.85</b>	<b>62.75</b>	<b>23.56</b>	<b>1,152.16</b>	<b>1,125.75</b>

As at 31 March 2020	Contractual cash flows				Carrying Amount
	0-1 years	1-5 years	More than 5 years	Total	
<b>Non derivative financial liabilities</b>					
Financial liabilities - Total Borrowings	221.45	26.91	-	248.36	243.56
Lease liabilities	12.25	52.70	38.11	103.06	71.58
Trade payables	534.87	-	-	534.87	534.87
Other financial liabilities	79.47	-	-	79.47	79.47
<b>Total</b>	<b>848.04</b>	<b>79.61</b>	<b>38.11</b>	<b>965.76</b>	<b>929.48</b>



SGS Teknics Manufacturing Private Limited  
 Notes to Standalone Financial Statements for the year ended 31 March 2021  
 (All amounts are in millions Indian rupees unless otherwise stated)

43. Financial Instruments

As at 01 April 2019	Contractual cash flows				Carrying Amount
	0-1 years	1-5 years	More than 5 years	Total	
<b>Non derivative financial liabilities</b>					
Financial liabilities - Total Borrowings	505.19	41.78	-	546.97	537.50
Lease liabilities	7.86	33.98	19.52	61.36	44.60
Trade payables	629.76	-	-	629.76	629.76
Other financial liabilities	70.09	-	-	70.09	70.09
<b>Total</b>	<b>1,212.90</b>	<b>75.76</b>	<b>19.52</b>	<b>1,308.18</b>	<b>1,281.95</b>

Capital management

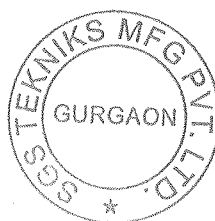
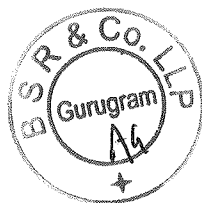
For the purpose of the Company's capital management, capital includes issued equity share capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the management of the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may return capital to shareholders, raise new debt or issue new shares.

The Company monitors capital on the basis of the debt to capital ratio, which is calculated as interest-bearing debts divided by total capital (equity attributable to owners of the parent plus interest-bearing debts).

The capital structure as at respective year ends are as follows:

Particulars	As at	As at	As at
	31 March 2021	31 March 2020	01 April 2019
Total Debt	349.67	243.56	537.50
Equity	3,338.19	3,066.66	2,737.64
Capital and net debt	<b>3,687.86</b>	<b>3,310.22</b>	<b>3,275.13</b>
Gearing ratio	9%	7%	16%



44. Reconciliation between Previous GAAP and Ind AS

These are the Company's first standalone financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 2 have been applied in preparing the standalone financial statements for the year ended 31 March 2021, the comparative information presented in these standalone financial statements for the year ended 31 March 2020 and in the opening Ind AS balance sheet at 01 April 2019 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

IND AS 101 "First-time adoption of Indian Accounting Standards" (hereinafter referred to as Ind AS 101) allows first time adopters certain mandatory exceptions and optional exemptions from the retrospective application of certain IND AS, effective for 01 April, 2019 opening balance sheet. In preparing these Standalone financial statements, the Company has applied the below mentioned mandatory exceptions and optional exemptions.

I. Exemptions and exceptions availed:

1. Mandatory exceptions:

a) Estimates

On assessment of the estimates made under the previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date. Key estimates considered in preparation of financial statements that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL.
- Determination of the discounted value for financial assets and liabilities carried at amortised cost.
- Impairment of financial assets based on the expected credit loss model.

b) Classification and measurement of financial assets:

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as at the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

c) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

2. Optional Exemptions Availed

a) Property Plant and Equipment and Intangible Assets

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment and used that deemed cost as at the date of transition. The same election has been made in respect of intangible assets as well.

b) Investments in Subsidiaries

As permitted by Ind AS 101, the Company has elected to measure the investments in subsidiaries at Deemed Cost calculated as per the previous GAAP carrying amount as on the date of transition, as the company has elected to measure such investments at Cost.

c) Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

For business combinations prior to 1 April 2019, which have not been restated as per Ind AS 103, goodwill represents amount recognised in previous GAAP subject to specific adjustments as prescribed under Ind AS 101.

d) Prospective application of Ind AS 21

Ind AS 101 allows a first-time adopter not to apply Ind AS 21 Effects of changes in Foreign Exchange Rates retrospectively for business combinations that occurred before the date of transition to Ind AS.

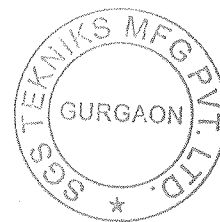
In such cases, where the entity does not apply Ind AS 21 retrospectively to fair value adjustments and goodwill, the entity treats them as assets and liabilities of the acquirer entity and not as the acquiree

II. Transition to Ind AS - Reconciliations

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

(i) Reconciliation of material items of Balance sheet as at 01 April 2019 (Transition Date) and as at 31 March 2020

Particulars	As at 31 March 2020	As at 1 April 2019
Other equity as reported under previous GAAP	3,063.85	2,725.70
Adjustments:		
Fair valuation of investments	23.86	22.64
Gain/(Loss) on sale of investments restated	(7.82)	-
Depreciation on Right of use asset	(8.03)	-
Interest cost on lease liabilities	(5.85)	-
Fair valuation of security deposits	(0.15)	(0.15)
Interest income on financial assets measured at amortised cost	0.20	-
Initial recognition of financial liability (Preference shares adjustment)	0.13	0.13
Interest cost on financial liability (Preference shares)	(0.09)	-
Lease expenses	7.59	-
Loss allowance	(26.62)	(27.54)
Tax adjustments	3.46	0.73
Other equity under Ind AS	3,050.53	2,721.51





(ii) Reconciliation of Statement of Profit and Loss for the year ended 31 March 2020

Particulars	For the year ended 31 March 2020
Net Income under previous GAAP	359.84
Fair valuation of investments	1.21
Gain/(Loss) on sale of investments restated	(7.82)
Depreciation on Right of use asset	(8.03)
Interest cost on lease liabilities	(5.85)
Interest income on financial assets measured at amortised cost	0.20
Interest cost on financial liability (Preference shares)	(1.35)
Lease expenses	7.59
Loss allowance	0.92
Employee benefits	2.24
Deferred tax adjustments	2.16
Profit for the year under Ind AS	351.11
Other comprehensive income (net of tax)	(1.68)
Total Comprehensive Income for the year under Ind AS	349.43

(iii) Adjustments to Statement of Cash Flows

Particulars	For the year ended 31 March 2020		
	IGAAP	Ind AS adjustments	Ind AS
Net cash flow from operating activities	677.49	(2.85)	680.34
Net cash flow from investing activities	(177.39)	(1.19)	(176.20)
Net cash flow from financing activities	(375.50)	4.04	(379.54)
Net increase/(decrease) in cash and cash equivalents	124.60	(0.00)	124.60
Effect of exchange differences on cash and cash equivalents held in foreign currency	(1.22)	-	(1.22)
Cash and cash equivalents as at 1 April 2019	53.87	-	53.87
Closing cash and cash equivalents as at 31 March 2020	177.25	(0.00)	177.25

(iv) Notes to first time adoption

a. Note on Fair value of Investment

For the purpose of fair value measurement, the Company has determined classes of assets and liabilities on the basis of their nature, characteristics and risks of asset or liability and the level of the fair value hierarchy as explained in note 43. These assets are subsequently measured at fair value. Net gains and losses, including any interest income, are recognised in Statement of Profit and Loss.

Under the previous GAAP, investments in debentures or bonds and mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31 March 2020. This increased the retained earnings by INR 23.86 Million as at 31 March 2020 (1 April 2019 - INR 22.64 Million) is part of total adjustments.

b. Leases

Under Ind AS, where the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, straight lining of lease is not required. The same was required under AS-19. The Company has initially recognised security deposit paid to the lessor at fair value and subsequently at amortised cost as per Ind AS 109.

Under previous GAAP, lessee classified a lease as an operating or a finance lease based on whether or not the lease transferred substantially all risk and rewards incident to the ownership of an asset. Operating lease were expensed in the statement of profit and loss. Under Ind AS 116, all arrangement that fall under the definition of lease except those for which short-term lease exemption or low value exemption is applied, the Company has recognised a right-of-use assets and a lease liability on the lease commencement date. Right-of-use assets is amortised over the lease term on a straight line basis and lease liability is measured at amortised cost at the present value of future lease payments.

The impact arising from the change is as follows:

Particulars	For the period ended 31 March 2020
Rent	7.59
Interest	(5.85)
Depreciation	(8.03)
Adjustment before income tax - Profit / (loss)	(6.29)

Statement of Assets and Liabilities	As at 01 April 2020	As at 01 April 2019
Assets: Right-of-use asset	66.80	42.22
Liabilities: Lease liabilities	71.58	44.60

c. Impairment of financial assets

In accordance with Ind AS 109, the Company has used expected credit loss (ECL) model for measurement and recognition of impairment loss on the Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

d. Deferred Tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

e. Re-Classifications

The Company has done the following reclassifications as per the requirements of Ind-AS :

- Assets / liabilities which do not meet the definition of financial asset / financial liability have been reclassified to other asset / liability.
- Remeasurement gain/loss on long term employee defined benefit plans are re-classified from statement of profit and loss to OCI.

f. Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended 31 March 2020 decreased by INR 2.24 Million.

g. Retained earnings

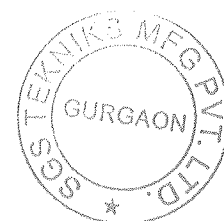
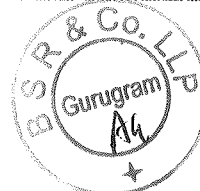
Retained earnings as at 01 April 2019 has been adjusted consequent to the above Ind AS transition adjustments.

h. Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans and tax thereon. The concept of other comprehensive income did/does not exist under previous GAAP.

i. Other adjustments

Other adjustments includes adjustment in respect of fair valuation of security deposit and financial liability.



**SGS Teknics Manufacturing Private Limited**  
**Notes to Standalone Financial Statements for the year ended 31 March 2021**  
**(All amounts are in millions Indian rupees unless otherwise stated)**

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 standalone 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 standalone financial statements since they do not pertain to the financial year ended 31 March 2021.

47. In view of pandemic relating to COVID-19, the Company has considered internal and external information and has performed an analysis based on current estimates while assessing the provision towards employee benefits and recoverability of property, plant and equipment, right-of-use assets, goodwill, investments, trade receivables, and other financial assets, for any possible impact on the Financial statements. The Company has also assessed the impact of this whole situation on, profitability, liquidity position, internal financial reporting and control etc. and is of the view that based on its present assessment this whole matter does not materially impact these financial statements. However, the actual impact of COVID-19 on these financial results may differ from that estimated due to unforeseen circumstances and the Company will continue to closely monitor any material changes to future economic conditions.

48. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

As per our report of even date attached

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

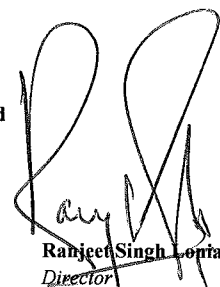


**Ankush Goel**  
Partner  
Membership No.: 505121

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



**J S Gujral**  
Director  
DIN: 00198825



**Rajeev Singh Loniya**  
Director  
DIN: 00198890

Place: Gurugram  
Date: 17 November 2021

Place: Gurugram  
Date: 17 November 2021

Place: Gurugram  
Date: 17 November 2021