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Independent Auditor's 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 2022, 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 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 2022, and its 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 obtained at the date of this auditor's report is information included in the company's annual report, but does not include the standalone financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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' Responsibilities 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

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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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures 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 in preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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

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and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India 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 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

a. The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its standalone financial statements - Refer Note 33 to the standalone financial statements.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

d (i) The management has represented that, to the best of it's knowledge and belief, as disclosed in the Note 47(vi) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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(ii) The management has represented that, to the best of it's knowledge and belief, as disclosed in the Note 47(vii) to the standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) above contain any material misstatement.

e. The Company has neither declared nor paid any dividend during the year.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

Ankush Goel

Ankush Goel
Partner
Membership No.: 505121
ICAI UDIN:22505121AMBHGZ9888

Place: New Delhi
Date: 01 July 2022

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of SGS Tekniks Manufacturing Private Limited for the year ended 31 March 2022

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

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(i) (b) 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 a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified every year. In accordance with this programme, all property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies/discrepancy were/was noticed on such verification.

(c) 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 immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company, except for the following which are not held in the name of the Company:

Description of property	Gross carrying value	Held in the name of	Whether promoter, director or their relative or employee	Period held- indicate range, where appropriate	Reason for not being held in the name of the Company. Also indicate if in dispute
Freehold Land (Plot No. 88, HPSIDC, Baddi, HP)	INR 4.07 million	SGS Tekniks Private Limited	No	15 year 10 months	Title deeds are held in the name of SGS Tekniks Private Limited, which was amalgamated into the company as per the order of the High

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Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of SGS Tekniks Manufacturing Private Limited for the year ended 31 March 2022 (Continued)

					Court of Punjab and Haryana at chandigarh through order dated 15 September 2012
Freehold Land (A3, Infocity, Sector 34, Gurugram)	INR 9.67 million	SGS Tekniks Private Limited	No	18 year 3 months	Title deeds 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

(d) 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 revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of SGS Tekniks Manufacturing Private Limited for the year ended 31 March 2022 (Continued)

(ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory

(b) 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 been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company except as follows:

Quarter	Name of bank	Particulars	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference	Whether return/statement subsequently rectified*
I	Citi Bank	Inventory	1,369.21	1,327.26	41.95	Yes
I	Citi Bank	Trade Receivables	699.30	760.45	(61.15)	Yes
I	Citi Bank	Creditors	654.42	627.25	27.17	Yes
I	Citi Bank	Sales	986.00	1,051.07	(65.07)	Yes
III	Citi Bank	Trade Receivables	1,265.26	1,308.35	(43.09)	Yes
III	Citi Bank	Creditors	697.57	800.36	(102.79)	Yes
IV	Citi Bank	Inventory	1,643.92	1,629.05	14.87	Yes
IV	Citi Bank	Trade Receivables	983.57	1,022.24	(38.67)	Yes
IV	Citi Bank	Creditors	798.51	788.77	9.74	Yes
IV	Citi Bank	Sales	5,600.83	5,608.38	(7.55)	Yes

*Post filing of revised return, there are no differences between books of account and quarterly return/statements.

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of SGS Tekniks Manufacturing Private Limited for the year ended 31 March 2022 (Continued)

(iii) 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 provided guarantee or security or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. The company has made investments during the year. The company has also granted loans to its employees during the year, in respect of which the requisite information is as below. The company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership during the year.

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans to its employees as below:

Particulars	Loans (Amount in INR millions)
Aggregate amount during the year to the employees	2.60
Balance outstanding as at balance sheet date with employees	1.88

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of the grant of loans are, prima facie, not prejudicial to the interest of the company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the company, in the case of loans given, the repayment of principal has been stipulated and the repayments have been regular. There is no interest charged by the company on such loans given to its employees. Further, the company has not given advance in the nature of loan to any party during the year.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the company, there is no loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties. Further, the company has not given any advances in the nature of loan to any party during the year.

(f) 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 granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

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Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of SGS Tekniks Manufacturing Private Limited for the year ended 31 March 2022 (Continued)

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods (and/or services provided by it) and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Duty of Customs or Cess or other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of Employee state insurance, Goods and Services tax and some serious delays in Income tax.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Income tax which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Assessment year to which it relates	Amount disputed	Amount paid under protest (INR)	Forum where dispute is pending	Remarks, if any
Income tax Act, 1961	Deemed dividend and other disallowances	2006-07	3,006,260	4,015,000	Assessing Officer	None
Income tax Act, 1961	TDS credit mismatch	2015-16	278,540	-	Assessing Officer	None
Income tax Act, 1961	Disallowances	2016-17	910,118	200,000	Commissioner of Income Tax (A)	None
Income tax Act, 1961	Disallowances	2017-18	918,415	-	Commissioner of Income Tax (A)	None

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Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of SGS Tekniks Manufacturing Private Limited for the year ended 31 March 2022 (Continued)

Name of the statute	Nature of the dues	Assessment year to which it relates	Amount disputed	Amount paid under protest (INR)	Forum where dispute is pending	Remarks, if any
Income tax Act, 1961	TDS credit mismatch	2019-20	1,462,840	-	Assessing Officer	None

(viii) 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 surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) 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 defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) 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 been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Act.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) 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 made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by

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Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of SGS Tekniks Manufacturing Private Limited for the year ended 31 March 2022 (Continued)

the Company during the year.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 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. In our opinion and according to the information and explanations given to us and on the basis of our examination of records of the Company, 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 standalone financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) The Company has not transferred the amount remaining unspent in respect of other than ongoing projects, to a Fund specified in Schedule VII to the Act till the date of our report. However, the time period for such transfer i.e. six months of the expiry of the financial year as permitted under the second proviso to sub-section (5) of Section 135 of the Act, has not elapsed till the date of our report.

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Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of SGS Tekniks Manufacturing Private Limited for the year ended 31 March 2022 (Continued)

(b) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any ongoing project. Accordingly, clause 3(xx)(b) of the Order is not applicable.

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

Ankush Goel

Ankush Goel
Partner
Membership No.: 505121
ICAI UDIN:22505121AMBHGZ9888

Place: New Delhi
Date: 01 July 2022

Annexure B to the Independent Auditor's Report on the standalone financial statements of SGS Tekniks Manufacturing Private Limited for the year ended 31 March 2022

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 Act

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

Opinion

We have audited the internal financial controls with reference to financial statements of SGS Tekniks Manufacturing Private Limited ("the Company") as of 31 March 2022 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 2022, 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 and Board of Directors' Responsibilities 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 Act.

Auditor's 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 if such controls operated effectively in all material respects.

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

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

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Annexure B to the Independent Auditor's Report on the standalone financial statements of SGS Tekniks Manufacturing Private Limited for the year ended 31 March 2022 (Continued)

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 standalone 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 standalone 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 standalone 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
Firm's Registration No.:101248W/W-100022

Ankush Goel

Ankush Goel
Partner

Place: New Delhi
Date: 01 July 2022

Membership No.: 505121
ICAI UDIN:22505121AMBHGZ9888

SGS Tekniks Manufacturing Private Limited
Standalone Balance sheet as at 31 March 2022
(All amounts are in millions Indian rupees unless otherwise stated)

	Note	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3 (a)	833.04	826.45
Capital working in progress	3(c)	8.69	0.17
Investment property	4	2.30	2.30
Right-of-use assets	36	202.93	57.79
Goodwill	3 (d)	1,051.45	1,051.45
Other Intangible assets	3(b)	4.83	5.84
Financial asset			
(i) Investments	5	134.43	149.77
(ii) Other financial assets	6A	14.69	11.33
(iii) Loans	6B	0.26	-
Other non-current assets	7	70.12	27.17
		2,322.74	**2,132.27**
Current assets			
Inventories	8	1,643.92	968.07
Financial asset			
(i) Investments	9	298.58	363.34
(ii)Trade receivables	10	947.59	777.41
(iii) Cash and cash equivalents	11	60.65	163.10
(iv) Bank balance other than (iii) above	12	9.74	72.05
(v) Other financial assets	12A	28.68	1.55
(vi) Loans	12B	1.63	-
Other current assets	7	218.30	162.40
		3,209.09	**2,507.92**
TOTAL		**5,531.83**	**4,640.19**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	16.13	16.13
Other equity	14	3,621.18	3,322.06
		3,637.31	**3,338.19**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	15	2.41	7.54
(ii) Lease liabilities	36	192.07	59.25
Provisions	16	31.58	27.15
Deferred tax liabilities (net)	17	49.31	48.49
Other non-current liabilities	18	33.06	29.91
		308.43	**172.34**
Current liabilities			
Financial liabilities			
(i) Borrowings	19	611.54	342.13
(ii) Lease liabilities	36	10.70	10.15
(iii) Trade payables	20		
-Total outstanding dues of micro enterprises and small enterprises		39.36	53.55
-Total outstanding dues of creditors other than micro enterprises and small enterprises		774.36	583.76
(iv) Other financial liabilities	21	75.16	69.36
Other current liabilities	22	57.88	54.62
Provisions	16	7.89	5.81
Current tax liabilities (net)	23	9.20	10.28
		1,586.09	**1,129.66**
TOTAL		**5,531.83**	**4,640.19**

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

Ankush Goel

Ankush Goel
Partner
Membership No.: 505121

Place: New Delhi
Date: 01 July 2022

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

Krishna Kumar Pant
Director
DIN: 00198916

Place: Gurugram
Date: 01 July 2022

Ranjeet Singh Lonia
Director
DIN: 00198890

Place: Gurugram
Date: 01 July 2022

SGS Tekniks Manufacturing Private Limited
Standalone Statement of Profit and Loss for the year ended 31 March 2022
(All amounts are in millions Indian rupees unless otherwise stated)

	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations	24	5,600.83	4,091.16
Other income	25	84.44	104.33
Total income		5,685.27	4,195.49
Expenses			
Cost of materials consumed	26	4,428.13	2,973.99
Changes in inventories of finished goods, work- in- progress	27	(138.76)	34.81
Employee benefits expenses	28	546.40	446.96
Finance costs	29	42.92	26.51
Depreciation and amortisation expenses	30	107.56	94.98
Other expenses	31	285.24	247.11
Total expenses		5,271.49	3,824.36
Profit before tax		413.78	371.13
Tax expense	32		
Current tax		113.09	90.24
Deferred tax		1.00	8.90
Profit for the year (A)		299.69	271.99
Other comprehensive income			
(I) Items that will not be reclassified subsequently to profit or loss			
(a) Re-measurement gain/(loss) on defined benefit obligation		(0.76)	(0.61)
(b) Income tax relating to items that will not be reclassified to profit or loss		0.19	0.15
Total other comprehensive income for the year (B)		(0.57)	(0.46)
Total comprehensive income for the year (net of tax) (A+B)		299.12	271.53
Earning per equity share [nominal value per share Rs 10 (31 March 2021: INR 10)] Basic and diluted	37	185.82	168.65
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 **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration no.: 101248W/W-100022

Ankush Goel

Ankush Goel
Partner
Membership No.: 505121

Place: New Delhi
Date: 01 July 2022

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Ranjeet Singh Lonial
Director
DIN: 00198890

Place: Gurugram
Date: 01 July 2022

SGS Tekniks Manufacturing Private Limited
Cash Flow Statement for the year ended 31 March 2022
(All amounts are in millions Indian rupees unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A. Cash flow from operating activities		
Profit before tax	413.78	371.13
Adjustments		
Depreciation and amortisation expense	107.56	94.98
Interest income	(2.18)	(4.28)
Finance costs	42.92	26.51
Dividend income	(2.26)	(3.92)
Unrealised foreign exchange differences	(4.72)	0.55
Mark to market loss/(profit) on derivate contracts entered to mitigate foreign currency risk	1.16	8.18
Net gain on account of sale of investment	(7.79)	(7.98)
Gain on sale of property, plant and equipment (net)	(0.05)	(0.64)
Appreciation in value of investment	(14.26)	(35.04)
Provision for loss allowance on financial assets and Bad debts written off	21.24	-
Excess provision for loss allowance on financial assets written back	-	(1.05)
Liablities no longer required written back	(6.13)	(1.79)
Government Incentive	(2.07)	-
Operating cash flow before working capital changes	547.20	446.65
Changes in working capital:		
(Increase) / decrease in trade receivables	(186.69)	(141.27)
(Increase) / decrease in inventories	(675.85)	(256.42)
Decrease / (increase) in other financial assets	(31.23)	8.12
Decrease / (increase) in other non-current assets	0.85	0.94
(Increase) / decrease in other current assets	(58.24)	(48.42)
Increase / (decrease) in trade payables	183.55	106.71
Increase / (decrease) in other current financial liabilities	1.88	9.78
Increase/(decrease) in other current liabilities	3.26	13.03
Increase in provisions	5.75	4.68
Increase in other non-current liabilities	5.22	29.91
Cash generated from operations	(204.30)	173.71
Income tax paid (net)	(115.48)	(87.54)
Net cash used in operating activities (A)	(319.78)	86.17
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(154.36)	(124.41)
Proceeds from sale of property, plant and equipment	3.73	6.54
Purchase of current investments (net)	97.20	(51.20)
Proceeds from redemption of debentures	4.95	-
Fixed deposits matured	132.50	1.23
Investment in fixed deposits	(75.09)	(14.21)
Interest received	4.23	5.47
Dividend received	2.26	3.92
Net cash generated in investing activities (B)	15.42	(172.66)
C. Cash flow from financing activities		
Proceeds from short-term borrowings	1,639.95	728.24
Repayment of short-term borrowings	(1,370.54)	(597.61)
Repayment of long-term borrowings	(15.99)	(30.21)
Interest paid	(32.98)	(18.50)
Repayment of lease liability	(16.73)	(8.48)
Net cash generated from financing activities (C)	203.71	73.44
Net decrease in cash and cash equivalents (A+B+C)	(100.65)	(13.05)
Effect of exchange differences on cash and cash equivalents held in foreign currency	(1.80)	(1.11)
Cash and cash equivalents at the beginning of the year	163.10	177.26
Cash and cash equivalents at the end of the year	60.65	163.10
Cash and cash equivalents at the end of the year (refer note 11):		
- Cash on hand	0.32	0.53
- Balances with banks		
- on current accounts	60.33	162.57
	60.65	163.10

The above Cash Flow Statement has been prepared under the indirect method set out in Ind AS-7 Cash Flow Statement prescribed under Companies (Accounting Standard) Rules, 2006.

Refer note 15 for changes in liabilities arising from financing activities

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

Ankush Goel

Ankush Goel
Partner
Membership No.: 505121

Place: New Delhi
Date: 01 July 2022

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

Krishna Kumar Pant
Director
DIN: 00198916

Place: Gurugram
Date: 01 July 2022

Ranjeet Singh Bonial
Director
DIN: 00198890

Place: Gurugram
Date: 01 July 2022

SGS Tekniks Manufacturing Private Limited
Standalone Statement of Changes in Equity for the year ended 31 March 2022
(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 2020	1,612,785	16.13
Add: changes in equity share capital during the year	-	-
As at 31 March 2021	1,612,785	16.13
Add: changes in equity share capital during the year	-	-
As at 31 March 2022	1,612,785	16.13

b. Other Equity

Particulars	Capital reserve*	Capital redemption reserve^	Securities premium account $	General reserve%	Retained earnings @	Total
As at 01 April 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)
Total comprehensive income for the year	-	-	-	-	271.53	271.53
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
Profit for the year	-	-	-	-	299.69	299.69
Re-measurement gain/(loss) on defined benefit obligation (net of tax)	-	-	-	-	(0.57)	(0.57)
Total comprehensive income for the year	-	-	-	-	299.12	299.12
As at 31 March 2022	433.16	1.00	1,477.48	90.00	1,619.54	3,621.18

*Created as a result of merger scheme, between SGS Tekniks 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.

As per our report of even date attached

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

Ankush Goel

Ankush Goel
Partner
Membership No.: 505121

Place: New Delhi
Date: 01 July 2022

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

Krishna Kumar Pant
Director
DIN: 00198916

Place: Gurugram
Date: 01 July 2022

Ranjeet Singh Lonial
Director
DIN: 00198890

Place: Gurugram
Date: 01 July 2022

SGS Tekniks Manufacturing Private Limited
Notes to the standalone financial statements for the year ended 31 March 2022

1. Corporate information

SGS Tekniks Manufacturing Private Limited ('the company') is a private limited company domiciled in India. The Company was incorporated on 27 April 2011 having CIN number U31501HR2011PTC044475 under the Companies Act 1956. The Company is engaged in the business of providing electronic manufacturing goods and related services.

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

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 financial statements were authorised for issue by the Company's Board of Directors on 01 July 2022.

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 item:

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

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.

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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 42
- Recognition and measurement of contingencies- Note 33
- Estimation of defined benefit obligation – Note 38
- Estimation of determining an asset's expected useful 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-currentclassification.

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:

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 thesestandalone financial statements.

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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.

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.

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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

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.

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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 de-recognition 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.

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.

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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. 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.

iii. 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 except for the following class of property, plant and equipment which is depreciated based on the internal technical assessment of the management as under:

Category of assets	**Management estimate of useful life**	**Useful life as per Schedule II**
Stencil (included in plant and machinery) *	3 years	15 years

* The Company has revised the useful life of Stencils from 15 years to 3 years from 1 April 2021. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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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.

iv. 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

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.

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.

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

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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 42;
- 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.

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.

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ii. Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed ateach 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 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 accumulated losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and write down immediately to its recoverable amount. On disposal of investment in subsidiaries, 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 amotised 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

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 theperiod 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"}

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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 expenseon 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 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

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

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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

The Company earns revenue primarily from sale of electronic manufacturing goods and related services. The Company has applied Ind AS 115 which establishes acomprehensive 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.

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.

Income from services rendered is recognised based on agreements/ arrangements with the customers as and when the performance obligation is completed, and the amount of revenue can be measured reliably.

Further, revenue from sale of goods and services 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

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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 financial statements due to IndAS 115.

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

c) 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 areexpensed as the related service is provided. A liability is recognised for the amount expected tobe 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.

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(iii) **Defined benefit plans**

Gratuity

The Company operates a gratuity plan wherein every employee is entitled to the benefit equivalentto 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.
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 inthe 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.

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R. Provisions and contingencies

(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 thecontract. 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 assetsassociated 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 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 atfair 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.

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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 amountof its assets and liabilities.

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.

X. 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 standalonecomponents.

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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.

Y. 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.

Z. Recent Accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as amended from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework
The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired, and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103.

Ind AS 16 – Proceeds before intended use
The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract
The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)
The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 106 – Annual Improvements to Ind AS (2021)
The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

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(All amounts are in millions Indian rupees unless otherwise stated)

3 Property, plant and equipment

(a) Tangible assets

Particulars	Gross Carrying Amount				Accumulated depreciation				Net Carrying Amount	
	As at 01 April 2021	Additions	Disposals/ Adjustment	As at 31 March 2022	As at 01 April 2021	Depreciation charge for the period	On disposals	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
Freehold Land*^	16.59	-	-	16.59	-	-	-	-	16.59	16.59
Building*	132.79	0.94	-	133.73	10.90	6.00	-	16.90	116.83	121.89
Tools and moulds	68.37	17.47	0.05	85.79	6.68	9.41	-	16.09	69.70	61.69
Plant and machinery*	588.47	39.39	0.45	627.41	91.05	48.95	0.11	139.89	487.52	497.42
Furniture and fixtures	37.13	11.88	-	49.01	7.83	4.74	-	12.57	36.44	29.30
Lease hold improvements	-	3.95	-	3.95	-	0.07	-	0.07	3.88	-
Computers	29.93	9.41	-	39.34	11.24	8.07	-	19.31	20.03	18.69
Airconditioning equipment	38.98	2.95	-	41.93	10.45	5.51	-	15.96	25.97	28.53
Office equipment	15.95	6.03	0.03	21.95	6.30	3.30	0.01	9.59	12.36	9.65
Vehicles*	50.02	11.24	4.71	56.55	7.33	6.94	1.44	12.83	43.72	42.69
	978.23	103.26	5.24	1,076.25	151.78	92.99	1.56	243.21	833.04	826.45

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

^Title deeds of Immovable Property not held in name of the Company:

As at 31 March 2022

Particulars	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the Company
Property, plant and equipment	Freehold Land (Plot No 88, HPSIDC, Baddi, HP	4.07	SGS Tekniks Private Limited	No	12 June 2006	Title deeds 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.
Property, plant and equipment	Freehold Land (A3 Infocity, Sector 34, Gurugram)	9.67	SGS Tekniks Private Limited	No	07 January 2004	Title deeds 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.

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SGS Tekniks Manufacturing Private Limited
Notes to Standalone Financial Statements for the year ended 31 March 2022
(All amounts are in millions Indian rupees unless otherwise stated)

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 2021	As at 31 March 2020
Freehold Land*^	16.59	-	-	16.59	-	-	-	-	16.59	16.59
Building*	131.13	1.66	-	132.79	4.94	5.96	-	10.90	121.89	126.19
Tools and moulds	46.81	21.56	-	68.37	2.80	3.88	-	6.68	61.69	44.01
Plant and machinery*	548.68	39.92	0.13	588.47	44.14	46.92	0.01	91.05	497.42	504.54
Furniture and fixtures	29.34	7.79	-	37.13	3.67	4.16	-	7.83	29.30	25.67
Computers	16.56	13.37	-	29.93	5.16	6.08	-	11.24	18.69	11.40
Airconditioning equipment	37.61	1.37	-	38.98	5.19	5.26	-	10.45	28.53	32.42
Office equipment	11.75	4.21	0.01	15.95	2.95	3.35	0.00	6.30	9.65	8.80
Vehicles*	43.03	17.45	10.46	50.02	4.78	7.23	4.68	7.33	42.69	38.25
	881.50	107.33	10.60	978.23	73.63	82.84	4.69	151.78	826.45	807.87

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

^Title deeds of Immovable Property not held in name of the Company:

As at 31 March 2021

Particulars	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the Company
Property, plant and equipment	Freehold Land (Plot No 88, HPSIDC, Baddi, HP	4.07	SGS Tekniks Private Limited	No	12 June 2006	Title deeds 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.
Property, plant and equipment	Freehold Land (A3 Infocity, Sector 34, Gurugram)	9.67	SGS Tekniks Private Limited	No	07 January 2004	Title deeds 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.

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(All amounts are in millions Indian rupees unless otherwise stated)

(b) Intangible assets

Particulars	Gross Carrying Amount				Accumulated amortisation				Net Carrying Amount	
	As at 01 April 2021	Additions	Disposals/ Adjustment	As at 31 March 2022	As at 01 April 2021	Depreciation charge for the period	On disposals	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
Software	11.63	2.45	-	14.08	5.79	3.46	-	9.25	4.83	5.84
	11.63	2.45	-	14.08	5.79	3.46	-	9.25	4.83	5.84

Intangible assets

Particulars	Gross Carrying Amount				Accumulated amortisation				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 2021	As at 31 March 2020
Software	7.10	4.53	-	11.63	2.66	3.13	-	5.79	5.84	4.44
	7.10	4.53	-	11.63	2.66	3.13	-	5.79	5.84	4.44

(c) Capital work-in progress

Particulars	Gross Carrying Amount			
	As at 01 April 2021	Additions	Capitalisation	As at 31 March 2022
Capital WIP	0.17	8.69	0.17	8.69
	0.17	8.69	0.17	8.69

Capital work-in progress

Particulars	Gross Carrying Amount			
	As at 01 April 2020	Additions	Capitalisation	As at 31 March 2021
Capital WIP	7.76	0.17	7.76	0.17
	7.76	0.17	7.76	0.17

Capital work in progess (CWIP) ageing schedule:

	Ageing as at 31 March 2022				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in Progress	8.69	-	-	-	8.69
	8.69	-	-	-	8.69

Capital work in progess (CWIP) ageing schedule:

	Ageing as at 31 March 2021				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in Progress	0.17	-	-	-	0.17
	0.17	-	-	-	0.17

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(All amounts are in millions Indian rupees unless otherwise stated)

(d) Goodwill

Particulars	As at 31 March 2022	As at 31 March 2021
Gross carrying amount	1,051.45	1,051.45

Reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period

Goodwill	Amount
Balance as at 31 March 2021	1,051.45
Impairment during the year	-
Balance as at 31 March 2022	1,051.45

The carrying amount of Goodwill INR 1,051.45 Million is carried over in books of accounts as a result of amalgamation happened between SGS Tekniks Manufacturing Private Limited and SGS Tekniks Private Limited, as per the order of High Court of Punjab and Haryana at Chandigarh through order dated 15 September 2012. 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, the risks specific to the CGU and projected earnings from current usage of PPE.

The Company has conducted a sensitivity analysis on the impairment test of CGU carrying value. Change in the discount rate and growth 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	For the year ended 31 March 2022	For the year ended 31 March 2021
Discount rate	14.70%	12.50%
Terminal value of growth rate	5%	5%
Budgeted EBIDTA growth rate	8.6%- 11.8%	8.7%- 11.2%

Sensitivity Analysis	For the year ended 31 March 2022 WACC	Value in Use
Decrease in discount rate by 2%	12.70%	6,551
Decrease in discount rate by 1%	13.70%	5,747
Discount rate	14.70%	5,110
Increase in discount rate by 1%	15.70%	4,594
Increase in discount rate by 2%	16.70%	4,167

Sensitivity Analysis	For the year ended 31 March 2021 WACC	Value in Use
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.

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		As at 31 March 2022	As at 31 March 2021
4	**Investment Property**	2.30	2.30
		2.30	2.30
	Reconciliation of Investment Property		
	Carrying amount as at 1 April 2021	2.30	2.30
	Addition	-	-
	Depreciation	-	-
	Carrying amount as at 31 March 2022	2.30	2.30
	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	4.13

		As at 31 March 2022	As at 31 March 2021
5	**Non-current investments**		
	Unquoted		
	Investment in Equity Instruments of Subsidiary Companies- at amortised cost		
	- 11,960,000 (previous year 11,960,000) equity shares of SGS Infosystems Private Limited	119.60	119.60
	- 16,500 (previous year 16,500) equity shares of SGS Solutions GmbH	1.15	1.15
	Investment in debentures or bonds-- at amortised cost		
	- 4,945 @ INR 1,000 each (previous year 4,945 @ INR 1,000 each) National Highways Authority of India Gain Bonds - 54 EC Capital	-	4.95
	Investment in debentures or bonds-at FVTPL		
	-100 (previous year 200 units) @ INR 100,000 each Citicorp Finance India Limited, debentures	13.68	24.07
		134.43	149.77
	Aggregate amount of quoted investments and market value thereof	-	-
	Aggregate value of unquoted investments	134.43	149.77
	Aggregate amount of impairment in value of investments	-	-
		134.43	149.77

		As at 31 March 2022	As at 31 March 2021
6A	**Other non-current financial assets** *(unsecured, considered good)*		
	Security deposits	10.02	8.98
	Banks deposits (due to mature after 12 months from the reporting date)*	4.67	2.35
		14.69	11.33

*Fixed deposits of INR 3.37 Millions (31 March 2021 0.95 Millions) under lien for Performance Bank Guarantees issued to customers

		As at 31 March 2022	As at 31 March 2021
6B	**Loans**		
	Loans to employees	0.26	-
		0.26	-

7 **Other assets**

	Non-Current		Current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
To parties other than related parties				
Capital advances	45.63	1.58	-	-
Other loans and advances				
-Advance to employees	-	-	0.15	1.89
-Prepaid expenses	1.04	1.90	7.68	4.58
-Advance tax [net of provision of tax INR 442.31 Millions (31 March 2021: INR 351.35 Millions)]	19.23	19.47	-	-
-Amount paid under protest (refer note 33)	4.22	4.22	-	-
-Balance with statutory government authorities	-	-	157.18	132.16
-Advances to suppliers	-	-	53.29	23.77
	70.12	27.17	218.30	162.30

		As at 31 March 2022	As at 31 March 2021
8	**Inventories** *(Valued at lower of cost and NRV)*		
	Raw materials [including goods-in-transit INR 152.82 Millions (31 March 2021, INR 99.90 Millions)]	1,325.12	788.03
	Work-in-progress	187.92	127.00
	Finished goods [including goods-in-transit INR 77.15 Millions (31 March 2021 INR 10.20 Millions)]	130.88	53.04
		1,643.92	968.07

The write-down of inventories to net realisable value during the year amounted to INR 14.81 Millions (31 March 2021 . INR 6.13 Millions) The write down is included in cost of material consumed or changes in inventories of finished goods and work-in--progress.

		As at 31 March 2022	As at 31 March 2021
9	**Current investments**		
	Investment in Mutual funds and others-at FVTPL		
	- Investments in mutual funds - quoted (refer note (a) below) - measured at FVTPL	249.79	302.30
	- Investment in other investments - unquoted (refer note (b) below) - measured at FVTPL	48.79	61.04
		298.58	363.34

Note (a)

Quoted	As at 31 March 2022			As at 31 March 2021		
	Units	Cost	NAV at 31 March 2022	Units	Cost	NAV at 31 March 2021
ICICI Prudential Banking And PSU Debt Fund				1,682,028	17.41	17.56
IDFC Bond Fund- Short Term Plan Fortnightly Dividend-(Direct Plan) #	3,214,423	33.32	33.37	3,088,642	31.68	32.06
Franklin India Short Term Income Plan - Growth	359	1.43	1.69	3,848	14.71	15.36
IDFC Bond Fund-Short Term Plan- Growth	465,004	20.77	21.61	465,001	18.00	20.77
Axis Banking & Psu Debt Fund - Growth		-	-	3,251	5.50	6.69
ICICI Prudential Medium Bond Fund - growth		-	-	299,656	7.50	10.17
ICICI Prudential Regular Savings Fund Growth	97,000	4.98	5.42	97,000	3.00	4.98
ICICI Prudential Short Term Fund Growth	378,146	17.47	18.07	378,146	15.00	17.46
Nippon India Floating Rate Fund- Direct Growth Plan (FRAGG)		-	-	456,728	15.00	16.43
IDFC Bond Fund Medium Term Plan Growth		-	-	487,237	17.10	17.81
SBI Short Term Debt Fund Growth	736,441	18.43	19.18	736,441	17.00	18.43
Nippon India Short Term Fund- Direct Growth Plan Growth Option (STAGG)	314,265	13.52	14.31	314,265	12.50	13.52
ICICI Prudential Equity Arbitrage Fund - Growth		-	-	199,731	5.18	5.35
IDFC Arbitrage Fund Growth- (Regular Plan)		-	-	209,025	5.16	5.33
Nippon India Low Duration Fund- Direct Growth Plan Growth Option (LPAGG)	3,697	11.22	11.71	1,499	4.50	4.52
Axis Banking & PSU Debt Fund - Regular Growth	12,605	25.96	26.98	12,605	24.40	25.96
Invesco India Short Term Fund - Growth (ST-RG)	7,214	20.37	21.12	7,214	20.00	20.37
Edelweiss Arbitrage Fund - Regular Plan Growth		-	-	717,733	10.50	10.85
Kotak Bond (Short Term) - Growth (Regular Plan)	421,650	17.23	17.96	421,650	16.84	17.23
ABSL Banking & PSU Debt Fund - Growth	75,733	21.45	22.46	75,733	21.00	21.45
Hdfc Corporate Bond Fund Regular Growth	753,484	19.35	19.69	-	-	-
Nippon India Dynamic Bond Fund - Growth Plan	541,322	16.00	16.22	-	-	-
				-	-	-
		241.50	249.79		281.98	302.30

under lien with Citi Bank

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SGS Tekniks Manufacturing Private Limited
Notes to Standalone Financial Statements for the year ended 31 March 2022
(All amounts are in millions Indian rupees unless otherwise stated)

Note (b)

Unquoted	Cost at 31 March 2022	NAV at 31 March 2022	Cost at 31 March 2021	NAV at 31 March 2021
Multiples Private Equity Fund Scheme I	1.03	1.03	3.32	3.32
India Reit Fund Scheme IV	0.34	0.34	0.45	0.45
India Reit Mumbai Redevelopment Fund	1.12	1.12	1.35	1.35
Milestone Domestic Scheme III	0.28	0.28	0.50	0.50
Accuracap - Alpha 10	-	-	1.06	5.18
Accuracap- Pico Power	-	-	1.44	7.63
Nippon Yield Maximiser Alternative Investment Fund - Scheme I	0.31	0.68	0.68	0.68
Quest Multi PMS Series I	6.81	8.40	3.50	6.81
India Whizdom Fund	-	-	0.54	0.80
Avendus Enhanced Return Fund Series II	22.23	24.13	20.00	22.23
India Whizdom Fund II	9.99	10.71	9.99	9.99
Peninsula Brookfield India Real Estate Fund	2.10	2.10	2.10	2.10
Total	44.21	48.79	44.93	61.04

	As at 31 March 2022	As at 31 March 2021
Quoted current investments		
Aggregate book value	241.50	281.98
Aggregate market value	249.79	302.30
Unquoted current investments		
Aggregate book value	44.21	44.93
Aggregate market value	48.79	61.04

10 Trade receivables
(Unsecured, considered good)

	As at 31 March 2022	As at 31 March 2021
Unsecured:		
Trade receivables considered good - unsecured	977.26	792.48
Trade receivables - credit impaired	6.31	7.48
	983.57	799.96
Less Loss allowance	(35.98)	(22.55)
	947.59	777.41

Trade receivables ageing schedule - for the year ended 31 March 2022

	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
	INR	INR	INR	INR	INR	INR
(i) Undisputed trade receivables -- considered good *	968.30	8.96	-	-	-	977.26
(ii) Undisputed trade receivables --- credit impaired	-	-	1.35	0.50	1.25	3.10
(iii) Disputed trade receivables ---- credit impaired	-	-	-	-	3.21	3.21
	968.30	8.96	1.35	0.50	4.46	983.57

* Includes loss allowance created as per ECL model. Refer Note 42.

Trade receivables ageing schedule - for the year ended 31 March 2021

	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
	INR	INR	INR	INR	INR	INR
(i) Undisputed trade receivables -- considered good*	782.34	10.14	-	-	-	792.48
(ii) Undisputed trade receivables --- credit impaired			2.32	0.47	1.48	4.27
(iii) Disputed trade receivables --- credit impaired	-	-	-	-	3.21	3.21
	782.34	10.14	2.32	0.47	4.69	799.96

* Includes loss allowance created as per ECL model.

11 Cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Cash on hand	0.32	0.53
Balances with banks		
- on current accounts	60.33	162.57
	60.65	163.10

12 Other bank balances

	As at 31 March 2022	As at 31 March 2021
Bank deposits due to mature within 12 months of the reporting date*	9.74	72.05
	9.74	72.05

* Fixed deposits of INR 3.37 Millions (31 March 2021: INR 0.95 Millions) under lien for Performance Bank Guarantees issued to customers and INR 7.50 Millions (31 March 2021: INR 7.50 Millions) is under lien against working capital loan.

12A Other financial assets
(unsecured, considered good)

	As at 31 March 2022	As at 31 March 2021
Derivative contracts entered to mitigate foreign currency risk#	0.39	1.55
Security deposits	2.84	-
Recoverable from holding company (Refer note 35D)	25.45	-
	28.68	1.55

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

12B Loans

	As at 31 March 2022	As at 31 March 2021
Loans to employees	1.63	-
	1.63	-

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(All amounts are in millions Indian rupees unless otherwise stated)

13 Share capital

	As at 31 March 2022	As at 31 March 2021
Authorised		
3,010,000 Millions (31 March 2021: 3,010,000 Millions) equity shares of INR 10 each	30.10	30.10
	30.10	30.10
Issued, subscribed and paid-up		
1,612,785 Millions (31 March 2021: 1,612,785 Millions) equity shares of INR 10 each	16.13	16.13
	16.13	16.13

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

	As at 31 March 2022		As at 31 March 2021	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
Balance at the beginning of the year	1,612,785	16.13	1,612,785	16.13
Balance at the end of the year	1,612,785	16.13	1,612,785	16.13

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 2022		As at 31 March 2021	
	No. of shares	% of holding	No. of shares	% of holding
Equity shares of INR 10 each fully paid up held by:				
-Mr. Sanjiv Narayan	-	0.00%	322,557	20.00%
-Mr. Ranjit Singh	-	0.00%	322,557	20.00%
-Mr. Krishna Kumar Pant	-	0.00%	322,557	20.00%
-Mr. Jasbir Singh Gujral	-	0.00%	322,557	20.00%
-Syrma SGS Technology Limited (formerly known as Syrma Technology Private Limited)	1,612,784	100.00%	322,557	20.00%

d) Particulars of shareholders of Promoters

	As at 31 March 2022			As at 31 March 2021		
	Shares held at the end of the year		% of Change during the year	Shares held at the end of the year		% of Change during the year
	No. of shares	% of total shares		No. of shares	% of total shares	
Promoter Name						
-Mr. Sanjiv Narayan	-	0.00%	(20.00)%	322,557	20.00%	(4.91)%
-Mr. Ranjit Singh	-	0.00%	(20.00)%	322,557	20.00%	(4.91)%
-Mr. Krishna Kumar Pant	-	0.00%	(20.00)%	322,557	20.00%	(4.91)%
-Mr. Jasbir Singh Gujral	-	0.00%	(20.00)%	322,557	20.00%	(4.91)%
-Syrma SGS Technology Limited (formerly known as Syrma Technology Private Limited)	1,612,784	100.00%	80.00%	-	0.00%	0.00%

e) 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.

f) The Company had executed Share Sale and Purchase and Shareholders' Agreement dated 23 October 2020 with Syrma SGS Technology Limited (formerly known as Syrma Technology Private Limited) by virtue of which 20% shares of the Company had been sold to Syrma Technology Private Limited (formerly known as Syrma Technology Private Limited) by existing share holders as on date of agreement.
The Company has executed Share Sale and Purchase and Shareholders' Agreement dated 16 September 2021 with Syrma Technology Private Limited (formerly known as Syrma Technology Private Limited) by virtue of which balance 80% shares of the Company has been sold to Syrma Technology Private Limited (formerly known as Syrma Technology Private Limited) by existing share holders as on date of agreement.

14 Reserves and surplus

	As at 31 March 2022	As at 31 March 2021
Capital reserve #		
At the commencement of the year	433.16	433.16
At the end of the year (A)	433.16	433.16
Capital redemption reserve^		
At the commencement of the year	1.00	-
At the end of the year (B)	1.00	1.00
Securities premium account $		
At the commencement of the year	1,477.48	1,477.48
At the end of the year (C)	1,477.48	1,477.48
General reserve %		
At the commencement of the year	90.00	90.00
At the end of the year (D)	90.00	90.00
Retained Earnings **		
At the commencement of the year	1,320.42	1,049.89
Profit for the year	299.69	271.99
Amount transferred to capital redemption reserve	-	(1.00)
Re-measurement of defined benefit plans (net of taxes)	(0.57)	(0.46)
At the end of the year (E)	1,619.54	1,320.42
Total (A+B+C+D+E)	3,621.18	3,322.06

Created as a result of merger scheme, between SGS Tekniks 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.

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(All amounts are in millions Indian rupees unless otherwise stated)

15 Long-term borrowings

	As at 31 March 2022	As at 31 March 2021
Secured		
-Term loan (from bank)*	2.60	15.32
-Vehicle loan (from bank)**	5.05	7.92
Less: Current maturities of long-term borrowings	(5.24)	(15.68)
	2.41	7.54

Foot notes:
* Term loan from Citi Bank
a) A first Paripassu Charge with another bank on Moveable fixed assets.
b) An exclusive Charge on Moveable fixed assets.
c) Pledge on Fixed Deposits of Rs 7.5 Million.
d) A first Paripassu Charge with another bank on land and building located at.
- Plot no 174, Sector 4, IMT, Manesar; and
- Plot no. 3, Block A, Infocity, Gurgaon.
e) Corporate guarantee of SGS Infosystems Private Limited.
f) Debt Mutual fund amounting to INR 26.5 millions to be lien marked to Citi Bank

Refer note 19 for quarterly reconciliation of statement filed to the banks and books of accounts.

** Vehicle loan from banks - secured against hypothecation of the vehicles
Term loan from Citi Bank carry interest rates ranging between 9.25% to 10.80% per annum (Previous year : 9.25% to 10.80% per annum)
The interest rate for the above vehicle loans carries interest rate ranging between 7.60% to 8.75% per annum (Previous year : 7.75% to 9.28% per annum)

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

Term Loan Maturity:	As at 31 March 2022	As at 31 March 2021
Repayable within 1 year	2.60	12.80
Repayable within 1 - 3 year	-	2.52
Repayable after 3 years	-	-

Vehicle Loan Maturity:	As at 31 March 2022	As at 31 March 2021
Repayable within 1 year	2.64	2.89
Repayable within 1 - 3 year	2.41	5.02
Repayable after 3 years	-	-

<u>Reconciliation of movements of liabilities to cash flows arising from financing activities</u>	As at 31 March 2022	As at 31 March 2021
Borrowings at the beginning of the year (current and non-current borrowings)	419.07	315.14
Proceeds from borrowings	1,639.95	728.24
Repayments of borrowings	(1,386.53)	(627.82)
Interest on redeemable preference shares	-	0.05
Movement in current maturities of Long term borrowings	10.45	
Interest on lease liabilities	7.43	6.30
Additions to lease liabilities	188.10	-
Deletion to lease liabilities	(45.43)	-
Interest Paid	-	
Unrealised foreign exchange loss on borrowings	0.41	5.64
Payment of lease liabilities (including interest)	(16.73)	(8.48)
Borrowings at the end of the year (current and non-current borrowings)	816.72	419.07

16 Provisions

Particulars	Long-term provision		Short-term provision	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Provisions for employee benefits.				
- Provision for gratuity (refer to note 38)	18.26	15.39	4.86	3.49
- Provision for compensated absences (refer to note 38)	13.32	11.76	3.03	2.32
	31.58	27.15	7.89	5.81

17 Deferred tax liabilities (net)

	As at 31 March 2022	As at 31 March 2021
Deferred tax liabilities		
Property, Plant & Equipment and Intangibles assets	62.37	61.24
Mark to market gain on cross currency interest rate swaps	0.10	0.39
Right of use assets (net)	0.04	-
Investments (Fair value Impact)	16.58	13.00
	79.09	74.63
Deferred tax assets		
Expenditure covered by section 43B of Income-tax Act, 1961	20.73	17.54
Loss allowances	9.05	5.68
Leases liabilities (net)	-	2.92
	29.78	26.14
Deferred tax liabilities (net)	49.31	48.49

18 Other non-current liabilities

	As at 31 March 2022	As at 31 March 2021
Deferred government grant	18.43	20.43
Other payables	14.63	9.48
	33.06	29.91
Opening balance of deferred government grant	22.50	-
Add : Government grant received	-	24.58
Less : Government grant recognised during the period	2.07	2.08
Closing balance of deferred government grant	20.43	22.50
Non-current	18.43	20.43
Current	2.00	2.07
	20.43	22.50

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(All amounts are in millions Indian rupees unless otherwise stated)

19 **Short-term borrowings**

Particulars	As at 31 March 2022	As at 31 March 2021
Working capital loans from bank (secured)		
- Cash credit	306.30	72.38
- Working capital loan	300.00	-
- Packing credit loan in foreign currency	-	254.07
- Current maturities of long-term borrowings (refer note 15)	5.24	15.68
	611.54	342.13

Cash credit, working capital loan and packing credit from Citi bank is secured by first paripassu charge with another bank on present and future stocks and book debts of the Holding Company, first paripassu charge with another bank 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, fixed deposit of Rs. 7.50 million and Mutual fund amounting to INR 26.50 millions to be lien marked to Citi Bank.

Cash credit, working capital loan and packing credit from HDFC Bank is secured by First paripassu charge on all current assets of the borrower (present & future) and on plant & machinery- Second pari passu charge on all movable fixed assets of the borrower (present & future)

The Company is filing monthly statement of inventories, trade receivables, creditors and sales to Citi Bank for working capital loan and have started filing such monthly statement to HDFC Bank from March 2022 after obtaining new short term borrowings. The below is summary of quarterly reconciliation of statements filed to the banks and books of accounts:

Name of bank	Quarter ended	Particulars	Amount as per books of accounts	Amount as reported in the quarterly return/statement	Amount of difference*	Reason for material discrepancy
Citi Bank and HDFC Bank	31-Mar-22	Inventory	1,643.92	1,629.05	14.87	The variance is on account of certain year end adjustment carried post filing of returns with the banks.
		Trade receivables	983.37	1,022.24	(38.67)	
		Creditors	798.51	788.77	9.74	
		Sales	5,600.83	5,608.38	(7.55)	

Name of bank	Quarter ended	Particulars	Amount as per books of accounts	Amount as reported in the quarterly return/statement	Amount of difference*	Reason for material discrepancy
Citi Bank	30-Dec-21	Inventory	1,541.94	1,541.94	-	
		Trade receivables	1,265.26	1,308.35	(43.09)	The variance is on account of grossing up of advance to customers with trade receivables at the time of filing of returns with the banks.
		Creditors	697.57	800.36	(102.79)	The variance is on account of grossing up of advance to suppliers with creditors at the time of filing of returns with the banks.
		Sales	3,903.53	3,903.53	-	

Name of bank	Quarter ended	Particulars	Amount as per books of accounts	Amount as reported in the quarterly return/statement	Amount of difference	Reason for material discrepancy
Citi Bank	25-Sep-21	Inventory	1,352.37	1,352.37	-	
		Trade receivables	1,232.70	1,232.70	-	
		Creditors	740.01	740.01	-	
		Sales	2,339.86	2,339.86	-	

Name of bank	Quarter ended	Particulars	Amount as per books of accounts	Amount as reported in the quarterly return/statement	Amount of difference*	Reason for material discrepancy
Citi Bank	30-Jun-21	Inventory	1,369.21	1,327.26	41.95	The variance is on account of certain year end adjustment carried post filing of returns with the banks.
		Trade receivables	699.30	760.45	(61.15)	
		Creditors	654.42	627.25	27.17	
		Sales	986.00	1,051.07	(65.07)	

* The returns/statements were subsequently rectified to submit the information as per books of accounts with the banks.

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(All amounts are in millions Indian rupees unless otherwise stated)

20 Trade payables

	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of micro enterprises and small enterprises (refer note 41)	39.36	53.55
Total outstanding dues of creditors other than micro enterprises and small enterprises	774.36	583.76
	813.72	637.31

Trade payable Ageing Schedule as on 31 March 2022

	Outstanding for following periods from the date of payment					
	Unbilled dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
	INR	INR	INR	INR	INR	INR
(i) Total outstanding dues of micro enterprises and small enterprises	-	37.77	0.86	0.73	-	39.36
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	741.64	2.35	2.68	1.13	747.80
(iii) Unbilled dues	26.56	-	-	-	-	26.56
	26.56	779.41	3.21	3.41	1.13	813.72

Trade payable Ageing Schedule as on 31 March 2021

	Outstanding for following periods from the date of payment					
	Unbilled dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
	INR	INR	INR	INR	INR	INR
(i) Total outstanding dues of micro enterprises and small enterprises	-	51.90	1.65	-	-	53.55
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	566.54	1.33	2.04	1.09	571.00
(iii) Unbilled Dues	12.76	-	-	-	-	12.76
	12.76	618.44	2.98	2.04	1.09	637.31

21 Other current financial liabilities

	As at 31 March 2022	As at 31 March 2021
To parties other than related parties		
Capital creditors	11.35	7.43
Employee benefit related dues*	63.81	61.93
	75.16	69.36

*refer note 35(b) for related party transactions

22 Other current liabilities

	As at 31 March 2022	As at 31 March 2021
Advance from customers	42.32	32.35
Deferred government grant (refer note 18)	2.00	2.07
Statutory dues	9.43	16.14
Other payables	4.13	4.06
	57.88	54.62

23 Current tax liabilities(net)

	As at 31 March 2022	As at 31 March 2021
Provision for income tax [net of advance tax {INR 109.20 Million (31 March 2021: INR 85.67 Million)]	9.20	10.28
	9.20	10.28

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24 Revenue from operations

	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from contracts with customers		
-Sale of products	5,418.58	3,998.80
-Sale of services	182.25	92.36
	5,600.83	**4,091.16**

Notes:

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

Contract price	5,600.83	4,091.16
Adjustment for:		
- Discounts and rebates	-	-
- Refund liability	-	-
Revenue recognised	**5,600.83**	**4,091.16**

b. Contract balances

Receivables, which are included in 'trade receivables'	-	-
Contract liability, which are included in 'other current liabilities'	42.32	32.35
Refund liability, which are included in 'other current liabilities'	-	-
	42.32	**32.35**

c. The company has determined that existing disclosures regarding the disaggregation of revenue using the existing segments is adequate for its circumstances.

25 Other income

	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income on financial asset measured at amortised cost		
- fixed deposit	1.91	3.56
- others	6.76	0.47
- financial asset	0.28	0.25
Dividend income from mutual funds mandatorily measured at FVTPL	2.26	3.92
Net gain on fair value changes in financial assets measured at FVTPL	14.26	35.04
Net gain/(loss) on account of sale of investment	7.79	7.98
Net gain on account of foreign exchange fluctuations	32.08	32.15
Mark to market gain/(loss) on derivative contracts entered to mitigate foreign currency risk	(1.16)	(8.18)
Gain/(loss) on sale of property, plant and equipment (net)	0.05	0.64
Gain on termination/modification of leases	9.65	-
Government incentive*	3.52	20.21
Miscellaneous income	0.91	5.45
Excess provision for loss allowance on financial assets written back	-	1.05
Liablities no longer required written back	6.13	1.79
	84.44	**104.33**

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

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26 Cost of materials consumed

Raw materials (including purchased components and packing material consumed)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening inventory	788.03	496.77
Add: purchases (net)	4,965.22	3,265.25
	5,753.25	**3,762.02**
Less : Closing inventory	1,325.12	788.03
	4,428.13	**2,973.99**

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

	For the year ended 31 March 2022	For the year ended 31 March 2021
Finished goods		
Opening inventory	53.04	72.69
Less: Closing inventory	130.88	53.04
Total (A)	**(77.84)**	**19.65**
Work-in-progress		
Opening stock	127.00	142.16
Less: Closing Stock	187.92	127.00
Total (B)	**(60.92)**	**15.16**
Total (A+B)	**(138.76)**	**34.81**

28 Employee benefits expenses

	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, wages and bonus	520.66	427.47
Contribution to provident and other funds (refer note 38)	9.78	8.36
Gratuity (refer note 38)	4.47	3.75
Compensated absences (refer note 38)	2.80	2.19
Staff welfare expenses	8.69	5.19
	546.40	**446.96**

29 Finance costs

	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest expense		
Interest on term loan and vehicle loan measured at amortised cost	1.15	3.14
Interest on packing credit loan	6.12	4.44
Interest on cash credit	13.14	2.91
Interest on working capital loan	12.54	6.73
Interest -others	0.04	0.35
Interest expense on financial liability measured at amortised cost	-	0.05
Interest of late payment of dues to micro enterprises and small enterprises	1.17	0.92
Interest expense on income tax	1.33	1.67
Interest cost on lease obligation (refer note 36)	7.43	6.30
Total (A+B)	**42.92**	**26.51**

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30 Depreciation and amortisation expense

	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation on property, plant and equipments	92.99	82.84
Amortisation of intangible assets	3.46	3.13
Depreciation on right of use assets	11.11	9.01
	107.56	**94.98**

31 Other expenses

	For the year ended 31 March 2022	For the year ended 31 March 2021
Power and fuel	46.80	36.04
Repair and maintenance		
Building	1.22	1.30
Machinery	12.33	15.53
Others	8.09	7.33
Job work charges	0.67	1.12
Bank charges	13.23	10.12
Insurance	10.96	8.65
Printing and stationery	4.45	4.53
Postage and courier	4.97	4.39
Travelling and conveyance	50.47	38.72
Rates and taxes	1.51	4.00
Provision for loss allowance on financial assets	13.81	-
Bad debts written off*	7.43	
Legal and professional charges	13.84	19.48
Office maintenance	18.56	19.20
Subscription and membership	1.62	1.50
Canteen expenses	5.26	3.87
Festival expenses	2.42	1.77
Expenditure on corporate social responsibility (refer note no 34)	8.05	13.78
Payment to auditors (excluding taxes)		
- Audit Services**	3.10	2.80
- Tax audit	0.20	0.20
- Other services	0.20	-
- For reimbursement of expenses	0.21	0.11
Cartage and freight outgoing	43.18	45.33
Testing and Development charges	7.61	3.60
Miscellaneous expenses	5.05	3.74
	285.24	**247.11**

*Total bad debts written off during the year INR 7.81 million out of which INR 7.43 million recognised in Statement of profit and loss and remaining INR 0.38 million is written off from opening provision for loss allowance on financial assets.

**Does not include certain accounting and legal expenses etc. amounting to Rs. 25.45 million incurred in connection with the proposed IPO of Holding Company as the amount is agreed to be reimbursed by Holding Company- Refer Note 35(B)

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(All amounts are in millions Indian rupees unless otherwise stated)

Note 32: Income Tax Expense

A. Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax		
Current tax	113.09	90.24
	113.09	90.24
Deferred tax		
Current year	1.00	8.90
Income tax expense reported in the statement of profit and loss	114.09	99.14

B. Amounts recognised in other comprehensive Income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Re - measurement gain/(loss) of post employment benefit obligation	0.19	0.15
Income tax recognised in other comprehensive income	0.19	0.15

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 2022 and 31 March 2021:

Particulars	For the year ended 31 March 2022		For the year ended 31 March 2021	
	Rate	Amount	Rate	Amount
Profit before tax from continuing operations		413.78		371.13
Tax using the Company's domestic tax rate	25.17%	104.14	25.17%	93.41
Tax effect of:				
Non-deductible expenses	0.51%	2.11	1.14%	4.23
Income taxable at specified rate	0.57%	2.37	-0.54%	(2.01)
Tax adjustment for earlier years	-	-	0.76%	2.82
Others	1.32%	5.47	0.18%	0.68
Effective tax rate	27.57%	114.09	26.71%	99.13

C. Deferred Tax:
The following is the analysis of deferred tax assets presented in the balance sheet:

Particulars	As at 31 March 2021	As at 31 March 2022
Deferred tax assets	26.14	29.77
Deferred tax liabilities	(74.63)	(79.09)
Deferred tax liability (net)	(48.49)	(49.31)

Movement of temporary differences

	For the year ended 31 March 2021				For the year ended 31 March 2022		
Particulars	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	16.63	0.76	0.15	17.54	3.00	0.19	20.73
Property, Plant & Equipment and Intangibles assets	(57.64)	(3.60)	-	(61.24)	(1.13)	-	(62.37)
Mark to market gain on cross currency interest rate swaps	(2.45)	2.06	-	(0.39)	0.29	-	(0.10)
Fair valuation of Investments	(4.18)	(8.82)	-	(13.00)	(3.58)	-	(16.58)
Leases	1.20	1.72	-	2.92	(2.96)	-	(0.04)
Loss allowances	6.70	(1.02)	-	5.68	3.37	-	9.05
Total	(39.74)	(8.90)	0.15	(48.49)	(1.00)	0.19	(49.31)

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

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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 6.58 Million (31 March 2021: INR 5.11 Million). The Company has deposited INR 4.22 Million under protest and the same has been included in the Other other non current assets (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 2021: 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.

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 31.51 Million (31 March 2021: 3.99 Million).

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.

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 2022	For the year ended 31 March 2021
(i) Gross amount required to be spent by the company during the period	8.05	7.78
(ii) Amount approved by the Board to be spent during the period	-	-
(iii) Amount spent and paid during the period		
- Construction/ acquisition of any asset	-	-
- on purpose other than above #	4.50	10.00
(iv) (Shortfall) / Excess at the end of the period	(7.20)	(3.65)
(v) Total of previous years shortfall #	-	-
(vi) Details of related party transactions	NA	NA
(vii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the period should be shown separately	NA	NA
(viii) Reason for shortfall	*	*
(ix) Nature of CSR activities:	-Education -Health -Poverty	-Education -Health -Poverty

* The Company is in the process of identifying prospective projects as per schedule VII of the Companies Act, 2013.

During the year ended 31st March 2022, the Holding Company has paid INR 4.5 Million out of which INR 3.65 Million has been spent against outstanding balance as at 31 March 2021 and the remaining is against current year. The amount unspent at the year ended March 31, 2022 is INR 7 2 millions. However, the Holding company has created provision of INR 7.2 million in the books of accounts which is intended to be contributed to schedule VII activities within six months from end of financial year.

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35. Related party disclosures

a) List of related parties:

Description of relationship	Name of the related party
Key managerial personnel	Mr. Sanjiv Narayan (Director)
	Mr. R.S. Lonial (Director)
	Mr. J.S. Gujral (Director upto 08-December-2021)
	Mr. K.K. Pant (Director)
	Mr. Sandeep Tandon (Director upto 08-December-2021)
	Mr. Hetal Madhukant Gandhi (Director w-e-f 08-December-2021)
	Ms. Priyanka Gulati (Director w-e-f 08-December-2021)
	Mr. Vikram Chopra (Director w-e-f 08-December-2021)
Holding Company	Syrma SGS Technology Limited (formerly known as Syrma Technology Private Limited)
Subsidiary Company	SGS Solutions GmbH, Germany
	SGS Infosystems Private Limited, India

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35. Related party disclosures

b) Related Party Transactions during the period :-

Particulars	2021-22	2020-21
Sale of products		
- SGS Solutions GmbH	60.19	56.32
Sale of services		
- SGS Solutions GmbH	-	1.07
Miscellaneous income		
- SGS Solutions GmbH	0.92	0.93
Purchase of products		
- SGS Solutions GmbH	5.97	2.99
Short term employee benefits		
- Sanjiv Narayan	-	5.41
- J S Gujral	5.91	10.68
- R S Lonial	13.90	10.67
- K K Pant	13.90	10.67
Director's sitting fees		
- Hetal Madhukant Gandhi	0.04	-
- Priyanka Gulati	0.04	-
Legal and professional charges		
- SGS Solutions GmbH	0.50	-
Development charges/ Reimbursement of expenses		
- SGS Solutions GmbH	0.64	0.04
Rent paid (excluding taxes)		
- SGS Infosystems Private Limited	3.78	3.60
Miscellaneous expenses		
- Syrma SGS Technology Limited	0.48	-
Purchase of software license (including applicable taxes)		
- Syrma SGS Technology Limited	10.25	-
Reimbursement of certain expenses pertaining to proposed IPO		
- Syrma SGS Technology Limited	25.45	-
Advances received		
- Sanjiv Narayan	-	1.20
- J S Gujral	0.50	1.14
- R S Lonial	2.42	0.50
- K K Pant	0.72	-

c) Outstanding balance as at year end

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Trade receivables		
- SGS Solutions GmbH	1.92	35.01
Other Financial Assets		
- Syrma SGS Technology Limited	25.45	-
Trade payables		
- SGS Solutions GmbH	0.20	0.66
- Syrma SGS Technology Limited	3.61	-
Lease obligation		
- SGS Infosystems Private Limited	-	3.41
Employee benefit and other dues		
- Sanjiv Narayan	3.62	2.21
- J S Gujral	0.63	4.86
- R S Lonial	2.83	2.53
- K K Pant	2.55	2.03
- Hetal Madhukant Gandhi	0.04	-
- Priyanka Gulati	0.04	-

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

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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 12 years.

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

(i) Right of use asset

	Building	Total
Cost		
As at 31 March 2020	74.83	74.83
Additions	-	-
Termination/modification lease contracts	-	-
As at 31 March 2021	**74.83**	**74.83**
Additions	194.12	194.12
Termination/modification lease contracts	(55.87)	(55.87)
As at 31 March 2022	**213.08**	**213.08**
Accumulated depreciation		
As at 31 March 2020	8.03	8.03
Charge for the year	9.01	9.01
Termination/modification lease contracts	-	-
As at 31 March 2021	**17.04**	**17.04**
Charge for the year	11.11	11.11
Termination/modification lease contracts	(18.00)	(18.00)
As at 31 March 2022	**10.15**	**10.15**
Carrying amount		
As at 31 March 2022	202.93	202.93
As at 31 March 2021	57.79	57.79

(ii) Lease liability

	As at 31 March 2022	As at 31 March 2021
Opening balance	69.40	71.58
Additions	188.10	-
Accretion of interest	7.43	6.30
Lease payments	(16.73)	(8.48)
Termination/modification lease contracts	(45.43)	-
Closing balance	**202.77**	**69.40**

	As at 31 March 2022	As at 31 March 2021
Current	10.70	10.15
Non-Current	192.07	59.25
	202.77	**69.40**

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

	As at 31 March 2022	As at 31 March 2021
Not later than one year	23.38	15.88
Later than one year and not later than five years	96.35	54.78
Later than five years	173.60	23.56
Total	**293.33**	**94.22**

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

	As at 31 March 2022	As at 31 March 2021
Depreciation charge on right-of-use assets	11.11	9.01
Interest expense on lease liabilities (included in finance costs)	7.43	6.30
	18.54	**15.31**

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

(v) Discount rate

	As at 31 March 2022	As at 31 March 2021
Discount rate	6.50%-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.

37. Earning Per Share

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Net profit after tax	299.69	271.99
Less: Dividend on 10% redeemable non-cumulative Preference shares (including Dividend distribution tax)	-	-
Net profit attributable to equity shareholders	299.69	271.99
Weighted average number of equity shares for calculation of earnings per share	1,612,785	1,612,785
Basic and diluted earnings per share of face value of INR 10 each.	185.82	168.65

Note : There are no dilutive equity shares.

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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. 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 31 March 2022	Year ended 31 March 2021
Providend fund	8.78	7.46
Employees' State Insurance	0.84	0.76
Other Fund	0.16	0.14
Total	9.78	8.36

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. The Company has funded the liability towards defined benefit obligation with the Life Insurance Corporation (LIC). Rate of return is given by the insurance company. The benefits vest after 5 years of continuous service except in case of death where no vesting conditions apply.

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

a) Net defined benefit liability:

Paticulars	As at 31 March 2022	As at 31 March 2021
Non-current	18.26	15.39
Current	4.86	3.49
Total liability	23.12	18.88

b) Movement in defined benefit liability:

Paticulars	As at 31 March 2022	As at 31 March 2021
Defined benefit obligation, beginning of the year	23.07	19.44
Current service cost	3.15	2.75
Interest cost	1.62	1.27
Actuarial loss	0.71	0.63
Benefits paid	(0.91)	(1.02)
Defined benefit obligation, end of the year	27.64	23.07

c) Movement in the fair value of plan assets :

Paticulars	As at 31 March 2022	As at 31 March 2021
Fair value of plan assets, beginning of the year	4.19	4.06
Expected return on plan assets	0.30	0.26
Contributions	1.00	0.86
Benefits paid	(0.91)	(1.02)
Actuarial gain/(loss) on plan assets	(0.05)	0.03
Fair value of plan assets, end of the year	4.53	4.19

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d) Funded status

Particulars	As at 31 March 2022	As at 31 March 2021
Deficit of plan assets over obligations	23.11	18.88
Surplus of plan assets over obligations	-	-

e) Composition of Planned Assets:

Particulars	As at 31 March 2022	As at 31 March 2021
LIC*	4.53	4.19

* Investment details of LIC is not available with the company

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

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Current service cost	3.15	2.75
Interest cost	1.62	1.26
Expected return on plan assets	(0.30)	(0.26)
Net actuarial loss recognized during the year	0.76	0.61
Total (included in "Employee benefits expense")	**5.23**	**4.36**

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

Particulars	As at 31 March 2022	As at 31 March 2021
Acturial (gain)/ losses arising from:		
Demographic assumption (A)	-	-
Financial assumptions (B)	(0.81)	-
Experience adjustment (C)	1.52	0.63
Remeasurement of the net defined benefit liability (A)+(B)+(C)	0.71	0.63
Remeasurment of plan assets	0.05	(0.03)
Total	0.76	**0.60**

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

Particulars	As at 31 March 2022	As at 31 March 2021
Discount rate	7.00%	6.50%
Expected rate of salary increase	8.00%	8.00%
Retirement age	58 / 60 years	58 / 60 years
Mortality table	IALM (2012-14)	IALM (2012-14)
Withdrawal rates		
- Up to 30 years age	40.00%	40.00%
- From 31 to 44 years	15.00%	15.00%
- Above 44 years	7.00%	7.00%

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

Salary escalation rate:
The estimates of future salary escalation rate considered in actuarial valuation takes into account the Inflation, seniority, promotion and other relevant factors on a long-term basis. Expected contribution for the next period is INR 4.16 Million (31 March 2021 : 3.49 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 2022		As at 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	1.47	1.63	1.28	1.43
Salary escalation rate (1% movement)	1.60	1.47	1.39	1.27

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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.

j) The defined benefit obligation shall mature after year end 31 March 2022 as follows:

Year ending 31 March	Defined benefit obligation	Year ending 31 March	Defined benefit obligation
2023	4.86	2022	3.49
2024	1.03	2023	1.11
2025	2.23	2024	0.83
2026	1.49	2025	1.82
2027	1.20	2026	1.19
Thereafter	16.84	Thereafter	14.63

k) Compensated absence

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 of INR 16.35 Million (31 March 2021: INR 14.08 Million) for the year have been made on the basis of actuarial valuation at the year end and INR 2.80 million have been debited to statement of profit and loss.

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39. Segment information

The Company prepares standalone financial statements as well as consolidated financial statements. In accordance with Indian Accounting Standard 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

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

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Salary	26.97	22.32
Development charges (including material)	6.21	2.28
Total	**33.18**	**24.60**

41. 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 31-Mar-22	As at 31-Mar-21
The amounts remaining unpaid to micro and small suppliers as at the end of the year:		
-Principal*	39.90	54.08
-Interest	2.64	2.51
	42.54	**56.59**
The amount of the payments made to micro and small suppliers beyond the appointed day during the year		
-Principal	124.49	65.52
-Interest	0.92	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	0.88	0.41
The amount of interest accrued and remaining unpaid at the end of each accounting year	2.64	2.51
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	-	-

*includes MSME Capital creditors part of Other financial liabilities amounting to INR 3.20 million (31 March 2021: INR 3.04 million)

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42. Financial Instruments

I) Financial instruments by category
The carrying value of financial instruments by categories as at 31 March 2022 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
Assets:				
Cash and cash equivalents	60.65	-	-	60.65
Other balances with banks	9.74	-	-	9.74
Investment in Equity instruments of Subsidiary Companies	120.75	-	-	120.75
Investment in debentures or bonds	-	13.68	-	13.68
Investment in mutual fund	-	249.79	-	249.79
Investment in other -unquoted investments	-	48.79	-	48.79
Trade receivables	947.59	-	-	947.59
Other financial assets	42.98	0.39	-	43.37
Loans to employees	1.88	-	-	1.88
Total	**1,183.59**	**312.65**	**-**	**1,496.24**
Liabilities:				
Trade payables	813.72	-	-	813.72
Borrowings - long term	2.41	-	-	2.41
Borrowings - short term	611.54	-	-	611.54
Lease Obligation	202.77			202.77
Other financial liabilities	75.16	-	-	75.16
Total	**1,705.60**	**-**	**-**	**1,705.60**

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
Assets:				
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 investments	-	61.04	-	61.04
Trade receivables	777.41	-	-	777.41
Other financial assets	11.33	1.55	-	12.88
Total	**1,149.59**	**388.96**	**-**	**1,538.55**
Liabilities:				
Trade payables	637.31	-	-	637.31
Borrowings - long term	7.54	-	-	7.54
Borrowings - short term	342.13			342.13
Lease Obligation	69.41	-	-	69.41
Other financial liabilities	69.36	-	-	69.36
Total	**1,125.75**	**-**	**-**	**1,125.75**

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 at 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, 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. Other financial assets also include security deposits provided against factory premises obtained on leases, loans to employees given as per policy and also recoverable of certain expenditures related to Initial public offerings of the holding company which are disclosed at amortised cost.

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.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at 31 March 2022:

Particulars	As at 31 March 2022	Fair value measurement as at end of the reporting year using		
		Level 1	Level 2	Level 3
Financial assets				
Investment in debentures or bonds	13.68	-	13.68	-
Investments in mutual fund	249.79	249.79	-	-
Investment in other investments - unquoted	48.79	48.79	-	-
Derivative contracts entered to mitigate foreign currency risk	0.39	-	0.39	-
Financial liabilities				
Borrowings - long term	2.41	-	2.41	-
Borrowings - short term	611.54	-	611.54	-
Total	**926.60**	**298.58**	**628.02**	**-**

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

Particulars	As at 31 March 2021	Fair value measurement as at end of the reporting year using		
		Level 1	Level 2	Level 3
Financial assets				
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	-
Financial liabilities				
Borrowings - long term	7.54	-	7.54	-
Borrowings - short term	342.13	-	342.13	-
Total	738.63	363.34	375.29	-

Measurment of fair values

Valuation techniques and significant unobsevable inputs

The following table show the valuation technique used in measuring level 2 and level 3 fair values for financial instruments in the standalone 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 lendor bank at the year 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

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's major operations are in India and are in INR and therefore, the Company is not exposed to significant foreign currency 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 hedge exposure to foreign currency risk.

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 2022		As at 31 March 2021	
	Amount (in million FC)	Amount (in million Rupees)	Amount (in million FC)	Amount (in million Rupees)
Trade receivable				
Euro	0.24	20.56	0.21	18.47
US Dollar	2.76	208.91	3.02	222.10
Bank Balance				
EURO	0.03	2.46	0.35	29.74
US Dollar	0.51	38.80	0.39	28.33
Payables including capital creditors				
Euro	0.37	31.40	0.35	30.55
US Dollar	4.70	356.44	2.97	218.14
Japanese Yen	19.98	12.43	12.89	8.55
Great Britain Pound (GBP)	0.00	0.38	0.00	0.49
Swiss Franc (CHF)	0.02	1.58	0.01	1.08
Packing Credit				
US Dollar	-	-	3.46	254.07
Term Loan*				
US Dollar	0.02	2.21	0.21	15.32

*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 end. As at 31 March 2022 & 31 March 2021 the company had fair values of derivative contracts of INR 0.39 Million & INR 1.55 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.

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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 a 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 2022	As at 31 March 2021
INR Sensitivity (Increase)	1%		
- Trade Receivable		2.29	2.41
- Bank Balance		0.41	0.58
-Payable including capital creditors		(4.02)	(2.59)
-Packing Credit		-	(2.54)
Strengthening Total		(1.32)	(2.14)
INR Sensitivity (Decrease)	1%		
- Trade Receivable		(2.29)	(2.41)
- Bank Balance		(0.41)	(0.58)
-Payable including capital creditors		4.02	2.59
-Packing Credit		-	2.54
Weakening Total		1.32	2.14

Particulars	Sensitivity Analysis	Impact on Other Equity (net of tax)	
		As at 31 March 2022	As at 31 March 2021
INR Sensitivity (Increase)	1%		
- Receivable		1.72	1.80
- Bank		0.31	0.43
-Payable		(3.01)	(1.94)
-Packing Credit		-	(1.90)
Strengthening Total		(0.98)	(1.61)
INR Sensitivity (Decrease)	1%		
- Receivable		(1.72)	(1.80)
- Bank		(0.31)	(0.43)
-Payable		3.01	1.94
-Packing Credit		-	1.90
Weakening Total		0.98	1.61

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 2022	As at 31 March 2021
Cash and cash equivalents	60.65	163.10
Other balances with banks	9.74	72.05
Investment in debentures or bonds	13.68	29.02
Investment in mutual fund	249.79	302.30
Investment in other -unquoted investments	48.79	61.04
Trade receivables	947.59	777.41
Other financial assets	43.37	12.88
Loans to employees	1.88	-

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 Company do not assess credit risk on loans as majorly amounts are none other than security deposits provided against factory premises obtained on leases. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are unsecured and are derived from revenue earned from customer. The Company does monitor the economic environment in which it operates.

(iii) Commodity risk

Fluctuation in commodity price affects directly and indirectly the price of raw material and components used by the Company. The key raw material for the Company are Printed Circuit Boards (PCB), Integrated Circuits (IC) and Transistors. The Company imports its few raw materials and due to ongoing situation in international market, these raw material is in shortage or available at higher prices resulting in reduced margins. The Company keeps on negotiating with its customers to recover through price hike of the finished products.

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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 a 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 agewise breakup of receivables (gross)

Ageing	As at 31 March 2022	As at 31 March 2021
Not Due	731.00	530.20
0-90 days past due	234.98	233.35
91-180 days past due	2.32	18.78
181 - 270 days	7.68	8.85
271 - 365 days	1.28	1.30
More than 1 year	6.31	7.48
Total	983.57	799.96

Expected credit loss allowance as per provision matrix

Particulars	As at 31 March 2022	As at 31 March 2021
Not Due	17.23	10.05
0-90 days past due	9.96	4.40
91-180 days past due	0.35	0.14
181 - 270 days	1.40	0.09
271 - 365 days	0.73	0.39
More than 1 year	6.31	7.48
	35.98	22.55

Following table provides agewise breakup of receivables (net)

Ageing	As at 31 March 2022	As at 31 March 2021
Not Due	713.77	520.15
0-90 days past due	225.02	228.95
91-180 days past due	1.97	18.64
181 - 270 days	6.28	8.76
271 - 365 days	0.55	0.90
More than 1 year	-	-
Total	947.59	777.40

Movement in Expected credit loss

Particulars	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	(22.55)	(26.62)
Expected credit loss allowance on trade receivables (reversed) / provided during the year	(13.81)	1.05
Bad debts written off	0.38	3.02
Balance at the end of the year	(35.98)	(22.55)

(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 70.39 Million as at 31 March 2022, & INR 235.16 Million as at 31 March 2021, 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.

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 2022	As at 31 March 2021
From banks - Working capital limit	626.60	333.43

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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 2022

As at 31 March 2022	Contractual cash flows				Carrying Amount
	0-1 years	1-5 years	More than 5 years	Total	
Non derivative financial liabilities					
Financial liabilities - Borrowings	611.86	2.51	-	614.37	613.95
Lease liabilities	23.38	96.35	173.60	293.33	202.77
Trade payables	813.72	-	-	813.72	813.72
Other financial liabilities	75.16	-	-	75.16	75.16
Total	1,524.12	98.86	173.60	1,796.58	1,705.60

As at 31 March 2021	Contractual cash flows				Carrying Amount
	0-1 years	1-5 years	More than 5 years	Total	
Non derivative financial liabilities					
Financial liabilities - 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
Total	1,065.85	62.75	23.56	1,152.16	1,125.75

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 31 March 2022	As at 31 March 2021
Total Debt	613.95	349.67
Equity	3,637.31	3,338.19
Capital and net debt	4,251.26	3,687.86
Gearing ratio	14%	9%

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43. Ratio Analysis and its elements

a) Current Ratio = Current Assets divided by Current Liabilities

Particulars	31 March 2022	31 March 2021
Current Assets	3,209.09	2,507.92
Current Liabilities	1,586.09	1,129.66
Ratio	2.02	2.22
% Change from previous period	(8.86)%	

Reason for change more than 25%: NA

b) Debt Equity ratio = Total debt divided by Total equity where total debt refers to sum of current & non current borrowings

Particulars	31 March 2022	31 March 2021
Total debt	613.95	349.67
Total equity	3,637.31	3,338.19
Ratio	0.17	0.10
% Change from previous period	61.14%	

Reason for change more than 25%:
This ratio has increased from March 2021 mainly as a result of availment of working capital loan due to increase in business requirements.

c) Debt Service Coverage Ratio = Earnings available for debt services divided by Total interest and principal repayments

Particulars	For the year ended 31 March 22	For the year ended 31 March 21
Profit after tax	299.69	271.99
Add: Non cash operating expenses and finance cost	150.47	121.49
-Depreciation and amortizations	107.56	94.98
-Finance cost	42.92	26.51
Earnings available for debt services	450.16	393.48
Interest cost on borrowings	32.96	17.22
Principal repayments	1,386.53	627.82
Lease Payments	16.73	8.48
Total Interest and principal repayments	1,436.22	653.52
Ratio	0.31	0.60
% Change from previous period	-48%	

Reason for change more than 25%:
This ratio has increased from March 2021 mainly as a result of availment of debt due to increase in business requirements.

d) Return on Equity Ratio / Return on Investment Ratio = Net profit after tax divided by Average Equity

Particulars	For the year ended 31 March 22	For the year ended 31 March 21
Net profit after tax	299.69	271.99
Average equity**	3,487.75	3,202.43
Ratio	8.59%	8.49%
Change in basis points (bps) from previous period	9.92	
% Change from previous period	1.17%	

**Average Equity represents average of Opening and closing total equity

Reason for change more than 25%: NA

e) Inventory Turnover Ratio = Cost of materials consumed divided by average inventory

Particulars	For the year ended 31 March 22	For the year ended 31 March 21
Cost of materials consumed*	4,289.37	3,008.80
Average Inventory**	1,305.99	839.85
Inventory Turnover Ratio	3.28	3.58
% Change from previous period	(8.32)%	

*Cost of material consumed comprises of cost of raw materials consumed and changes in Inventories
**Average Inventory represents average of Opening and closing inventory

Reason for change more than 25%: NA

f) Trade Receivables turnover ratio = Credit Sales divided by Average trade receivables

Particulars	For the year ended 31 March 22	For the year ended 31 March 21
Credit Sales	5,600.83	4,091.16
Average Trade Receivables**	862.50	704.38
Ratio	6.49	5.81
% Change from previous period	11.80%	

**Average Trade receivables represents average of opening and closing Trade receivables

Reason for change more than 25%: NA

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g) Trade payables turnover ratio = Credit purchases divided by average trade payables

Particulars	For the year ended 31 March 22	For the year ended 31 March 21
Credit Purchases	4,965.22	3,265.25
Average Trade Payables**	725.51	586.08
Ratio	6.84	5.57
% Change from previous period	22.84%	

**Average Trade payables represents average of opening and closing Trade payables

Reason for change more than 25%: NA

h) Net capital Turnover Ratio = Sales divided by Net Working capital whereas net working capital= current assets - current liabilities

Particulars	For the year ended 31 March 22	For the year ended 31 March 21
Sales	5,600.83	4,091.16
Net Working Capital**	1,623.00	1,378.26
Ratio	3.45	2.97
% Change from previous period	16.26%	

**Net Working Capital represents current assets minus current liabities

Reason for change more than 25%: NA

i) Net profit ratio = Net profit after tax divided by Sales

Particulars	For the year ended 31 March 22	For the year ended 31 March 21
Net profit after tax	299.69	271.99
Sales	5,600.83	4,091.16
Ratio	5.35%	6.65%
Change in basis points (bps) from previous period	(130)	
% Change from previous period	(19.52)%	

Reason for change more than 25%: NA

j) Return on Capital employed=Earnings before interest and taxes(EBIT) divided by Capital Employed

Particulars	For the year ended 31 March 22	For the year ended 31 March 21
Profit before tax (A)	413.78	371.13
Finance Costs (B)	42.92	26.51
EBIT (D) = (A)+(B)	456.70	397.64
Capital Employed (J)=(E)+(F)+(G)	3,244.29	2,679.05
Tangible Net Worth** (E)	2,581.03	2,280.89
Total Debt (F)#	613.95	349.67
Deferred Tax Liability (G)	49.31	48.49
Ratio (D)/(J)	14.08%	14.84%
Change in basis points (bps) from previous period	(77)	
% Change from previous period	(5.16)%	

**Tangible net worth represents Total Assets Less Total Liabilities Less Intangible Assets (including Goodwill)
#Total Debt represents Long-term and Short-term borrowings

Reason for change more than 25%: NA

k) Return on Investment = Net profit after tax divided by average equity

Particulars	For the year ended 31 March 22	For the year ended 31 March 21
Net profit after tax	299.69	271.99
Average Equity**	3,487.75	3,202.43
Ratio	8.59%	8.49%
% Change from previous period / year	1.17%	

**Average Equity represents average of opening and closing Total Equity

Reason for change more than 25%: NA

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

45. 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, 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.

46. 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.

47. Other Statutory Information :
(i) The Company do not have any transactions with companies struck off.
(ii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
(iii) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
(iv) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
(v) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
(vi) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall :
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
(vii) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
(viii) The title deeds/legal ownership of immovable properties including the leased properties as disclosed in the standalone financial statements are held in the name of the Company.

As per our report of even date attached

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

Ankush Goel

Ankush Goel
Partner
Membership No.: 505121

Place: New Delhi
Date: 01 July 2022

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

Krishna Kumar Pant
Director
DIN: 00198916

Place: Gurugram
Date: 01 July 2022

Ranjeet Singh Lonial
Director
DIN: 00198890

Place: Gurugram
Date: 01 July 2022