

GUTS ELECTRO-MECH LIMITED
CIN: U52520TG1987PLC007245
BALANCE SHEET AS AT MARCH 31, 2022

Particulars	Note No	Amount in ₹	
		As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	4	72,660,581	72,113,200
(b) Other Intangible assets	5	854,471	975,002
(c) Financial Assets			
Other financial assets	6	270,786	270,786
(d) Deferred Tax Assets	7	3,621,405	3,866,226
(e) Other non-current assets	8	1,860,607	4,588,970
		<u>79,267,850</u>	<u>81,814,184</u>
Current assets			
(a) Inventories	9	109,252,497	80,711,927
(b) Financial Assets			
(i) Trade receivables	10	59,569,777	86,934,120
(ii) Cash and cash equivalents	11	222,245	458,599
(iii) Others financial assets	12	5,659,167	5,833,538
(c) Other current assets	13	21,300,282	19,613,123
		<u>196,003,968</u>	<u>193,551,307</u>
Total Assets		<u>275,271,817</u>	<u>275,365,491</u>
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	14	19,658,420	19,658,420
(b) Other Equity	15	148,769,110	118,069,173
		<u>168,427,530</u>	<u>137,727,593</u>
Liabilities			
Non - current liabilities			
(a) Financial Liabilities			
Lease liabilities		40,478	40,481
(b) Provisions	16	5,073,537	4,961,357
		<u>5,114,015</u>	<u>5,001,838</u>



GUTS ELECTRO-MECH LIMITED
CIN: U52520TG1987PLC007245
BALANCE SHEET AS AT MARCH 31, 2022

Particulars	Note No	Amount in ₹	
		As at March 31, 2022	As at March 31, 2021
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	17,921,673	30,132,316
(ii) Lease liabilities		4,500	4,500
(iii) Trade payables	18	54,090,170	69,381,767
(iv) Other financial liabilities	19	1,994,844	1,860,667
(b) Other current liabilities	20	13,708,036	15,656,011
(c) Provisions	21	7,593,589	7,482,802
(d) Current Tax Liabilities (Net)		6,417,460	8,117,997
		101,730,272	132,636,060
Contingent Liabilities and Commitments	22		
Total equity and liabilities		275,271,817	275,365,491
NOTES TO THE FINANCIAL STATEMENTS	1 - 46		

per our review report of even date
for **BRAHMAYYA & CO.,**
Chartered Accountants
Firms' Registration Number: 000513S


P.CHANDRAMOULI
Partner
Membership Number: 025211

Place: Hyderabad
Date : 06.05.2022

for and on behalf of the Board


R.B.V.S ARUN KUMAR
Managing Director


ABIE ABRAHAM
Director



GUTS ELECTRO-MECH LIMITED

CIN: U52520TG1987PLC007245

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

Particulars	Note No	Amount in ₹	
		For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from Operations	23	594,275,713	552,818,600
Other Income	24	3,633,563	7,332,595
Total Income		597,909,276	560,151,195
Expenses			
Cost of materials consumed	25	371,529,704	368,993,941
Changes in inventories of Stock-In-Trade	26	7,531,612	(14,490,537)
Employee Benefits Expense	27	25,015,754	24,140,727
Finance Costs	28	5,078,083	6,620,441
Depreciation and amortisation expense	29	8,175,190	7,951,784
Other expenses	30	127,101,450	113,956,503
Total expenses		544,431,793	507,172,859
Profit before exceptional items and tax		53,477,483	52,978,336
Exceptional Items	34	8,722,555	-
Profit after exceptional items and before tax		44,754,928	52,978,336
Tax Expenses:			
a. Current Tax		16,000,000	14,250,000
b. Deferred tax		96,361	(2,573,189)
Total Tax Expenses		16,096,361	11,676,811
Profit for the year		28,658,567	41,301,525
Other Comprehensive income	31		
Items that will not be reclassified subsequently to profit or loss		589,830	162,294
Income tax relating to above items		(148,460)	(40,849)
Total Other Comprehensive Income		441,370	121,445
Total Comprehensive Income for the year		29,099,937	41,422,970
Earnings per Equity share- Basic and Diluted (In ₹)	32	14.58	21.01

NOTES TO THE FINANCIAL STATEMENTS

1 - 46

per our review report of even date

for BRAHMAYYA & CO.,

Chartered Accountants

Firms' Registration Number: 0005135

P.CHANDRAMOULI

Partner

Membership Number: 025211

Place: Hyderabad

Date : 06.05.2022

for and on behalf of the Board

R.V.S ARUN KUMAR

Managing Director

Abie Abraham

ABIE ABRAHAM
Director

GUTS ELECTRO-MECH LIMITED
CIN: U52520TG1987PLC007245
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

A. Equity Share Capital

Particulars	Amount in ₹	
	As at March 31, 2022	As at March 31, 2021
i. At the beginning of the year	19,658,420	19,658,420
ii. Changes in Equity Share Capital due to prior period errors	-	-
iii. Restated balance at the beginning of the year	19,658,420	19,658,420
iv. Changes in Equity Share Capital during the year	-	-
v. Balance at the end of the year	19,658,420	19,658,420

B. Other Equity

Particulars	Amount in ₹					
	Capital Contribution by parent company	Retained Earnings	Securities Premium	Capital Reserve (Industrial Subsidy)	Actuarial Gain/(Loss) -OCI-	Total
i. Balance as at April 01, 2020	3,826,849	46,940,556	23,861,228	379,240	38,330	75,046,203
Transfer to retained earnings		41,301,525	-	-	-	41,301,525
Other Comprehensive income for the year		-	-	-	121,445	121,445
Additional Investment by Parent Company	1,600,000					1,600,000
ii. Balance as at April 01, 2021	5,426,849	88,242,081	23,861,228	379,240	159,775	118,069,173
Transfer to retained earnings		28,658,567				28,658,567
Other Comprehensive income for the year					441,370	441,370
Additional Investment by Parent Company	1,600,000					1,600,000
iii. Balance as at March 31, 2022	7,026,849	116,900,648	23,861,228	379,240	601,145	148,769,110

per our review report of even date
for BRAHMAYYA & CO.,
Chartered Accountants,
Firms' Registration Number: 0065135

P.CHANDRAMOULI
Partner
Membership Number: 028219

Place: Hyderabad
Date: 06.05.2022

for and on behalf of the Board

R.B.V.S ARUN KUMAR
Managing Director

ABIE ABRAHAM
Director



GUTS ELECTRO-MECH LIMITED

CIN: U52520TG1987PLC007245

STATEMENT OF CASH FLOWS FOR THE YEAR PERIOD ENDED MARCH 31, 2022

Particulars	Amount in ₹	
	For the year ended March 31, 2022	For the year ended March 31, 2021
I. Cash flow from operating activities:		
Profit before tax	44,754,928	52,978,336
Add: Other Comprehensive Income before Tax	589,830	162,294
	45,344,758	53,140,630
Adjustment for non-cash transactions:		
Depreciation and amortization expenses	8,175,190	7,951,784
Interest cost on de-commissioning liability	127,750	116,136
Credit Balances Written Back	-	(617,899)
Excess Provisions written back	-	(139,144)
Excess Provision for Inventory written back	-	(586,788)
Reversal of warranty provision	(2,418,949)	(1,835,150)
Inventory Written Off	-	100,522
Debit Balances Written Off	-	104,649
Profit on sale of fixed assets	(74,600)	-
Bad debts Written Off	-	3,111,766
Interest on lease liability	4,500	4,500
Provisions made during the year:		
Expected credit loss	-	(2,764,107)
Corporate Social Responsibility	-	900,000
Warranties	2,735,402	2,382,600
	53,894,051	61,869,499
Adjustment for investing and financing activities:		
Interest paid on borrowings including Guarantee Commission	3,048,516	5,993,509
	3,048,516	5,993,509
Adjustment for changes in working capital:		
Decrease / (increase) in inventories	(28,540,570)	(15,968,595)
Decrease / (increase) in trade receivables	27,364,343	(53,077,840)
Decrease / (increase) in other current financial assets	174,371	1,812,495
Decrease / (increase) in other non current financial assets	-	(3,400)
Decrease / (increase) in other current assets	(1,687,159)	(8,575,934)
Decrease / (increase) in other non-current assets	2,728,363	1,821
(Decrease) / Increase in trade payables	(15,291,597)	16,465,733
(Decrease) / Increase in other current financial liabilities	134,177	(101,306)
(Decrease) / Increase in other current liabilities	(1,947,975)	9,641,899
(Decrease) / Increase in long term provisions	(15,570)	235,834
(Decrease) / Increase in short term provisions	(205,669)	(1,151,270)
	(17,287,286)	(50,720,563)
Cash generated from operations	39,655,282	17,142,445
Less: Direct taxes paid (net of refunds)	(17,700,537)	(12,041,912)
Net cash flow from operating activities (I)	21,954,745	5,100,533
II. Cash flows from investing activities		
Purchase of fixed assets, including CWIP	(9,062,435)	(2,863,826)
Sale of fixed assets	534,995	-
Net cash flow from/ (used in) investing activities (II)	(8,527,440)	(2,863,826)



GUTS ELECTRO-MECH LIMITED

CIN: U52520TG1987PLC007245

STATEMENT OF CASH FLOWS FOR THE YEAR PERIOD ENDED MARCH 31, 2022

Particulars	Amount in ₹	
	For the year ended March 31, 2022	For the year ended March 31, 2021
III. Cash flows from financing activities		
Interest paid for the year	(1,448,516)	(4,393,509)
Lease payments debited to lease liability	(4,500.00)	(4,500)
Net cash flow (used in) financing activities (III)	(1,453,016)	(4,398,009)
IV. Net (decrease)/increase in cash and cash equivalents (I + II + III)	11,974,289	(2,161,302)
Cash and cash equivalents at the beginning of the year	(29,673,717)	(27,512,415)
V. Cash and cash equivalents at the end of the year	(17,699,428)	(29,673,717)
VI. Components of cash and cash equivalents:		
Cash on hand	17,751	23,492
With banks:		
On Current Account	204,494	435,107
On Cash Credit Accounts	(17,921,673)	(30,132,316)
Total cash and cash equivalents (Note No11 and 17)	(17,699,428)	(29,673,717)

per our review report of even date

for Brahmayya & Co.,

Chartered Accountants

F. R. Number: 0005135



P. CHANDRAMOULI
 Partner
 Membership No.: 025211

Place: Hyderabad

Date : 06.05.2022

for and on behalf of the Board


R.B.V.S ARUN KUMAR
 Managing Director


ABIE ABRAHAM
 Director



1. Corporate information:

GUTS Electro-Mech Limited (the 'Company') was originally incorporated as a Private Limited company on 06th March 1987 under the Companies Act, 1956 and subsequently converted into a public limited company on 30th October 1992. Later on, the Company has become a subsidiary of V-Guard Industries Limited with effect from August 31, 2017. At present the Company is engaged in the business of manufacture of circuit breakers, relays, electronic and electromechanical items.

2. Basis of Preparation:

These Financial Statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and relevant provisions of the Companies Act, 2013

Accordingly, the Company has prepared these Financial Statements which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as financial statements).

The financial statements have been prepared on historical cost basis, except the following financial instruments which have been measured at fair value at the end of each reporting period, as required by relevant Ind AS and as explained in the accounting policies mentioned below.

Certain Financial Assets and Liabilities measured at fair value

Deferred Benefit Plans and Other Long-Term Employee Benefits

The accounting Policies applied by the Company are consistent with those used in the prior periods, unless otherwise stated elsewhere in these financial statements.

Financial Statements are presented in Indian Rupees, which is the functional currency of the Company.

These financial statements were approved by the Board of Directors and authorised for Issuance in their meeting held on May 06, 2022.

3. Significant Accounting policies:

a) Significant accounting estimates, assumptions, and judgements:

The preparation of Company's financial statements requires management to make accounting estimates, assumptions and judgements that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures of contingencies at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities in future periods.



Estimates and Assumptions:

i. Impairment of non-current assets:

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal is calculated based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The value in use is sensitive to the discount rate (generally weighted average cost of capital) used for the DCF model as well as the expected future cash-inflows and the growth rate used for exploration purposes.

ii. Defined Benefit Plans:

The present value of the gratuity obligation is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, rate of increment in salaries and mortality rates. Due to complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All the assumptions are reviewed at each reporting date.

iii. Fair Value measurement of financial instruments:

When the fair values of financial assets and financial liabilities on reporting date cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques i.e., the DCF model. The inputs to these models are taken from observable markets.

iv. Contingencies:

Management judgement is required for estimating the possible inflow/outflow of resources, if any, in respect of contingencies/claims/litigations against the company/by the company as it is not possible to predict the outcome of pending matters with accuracy.

v. Property, Plant and Equipment:

Based on evaluations done by technical assessment team, the management has adopted the useful life and residual value of its Property, Plant and Equipment. Management believes that the assigned useful lives and residual value are reasonable.

vi. Income Taxes:

Management judgment is required for the calculation of provision for income taxes and deferred tax assets/liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets/liabilities. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the financial statements.



vii. Life -Time Expected Credit Loss on Trade and Other Receivables:

Trade and other receivables are stated at net of trade payable to the respective party where there is a written understanding between the Company and the particular customer/vendor. Trade Receivables and Other Receivables do not carry any interest and are stated at their transaction value as reduced by life-time expected credit losses ("LTECL"). Management has evaluated LTECL for receivables as follows:

Particulars	Up to 180 Days	180 -365 Days	365- 730 Days	730-1460 Days	Beyond 1460 Days
Expected loss Rate (%)	0.00	50.00	75.00	100.00	Write off

b) Current Vs Non-current classifications

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

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- 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 assets.

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

- Expected to settle the liability in normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

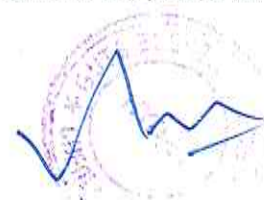
All other liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. However, a period of 12 months is considered as ultimate operating cycle.

c) Property, Plant and Equipment:

Property, Plant and Equipment are stated at cost net of input credits, less accumulated depreciation, and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.



The company adopted cost model as its accounting policy, in recognition of the property, Plant and Equipment and recognises the transaction value as the cost.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Capital work in progress includes cost of property, plant, and equipment under installation/under development as at the balance sheet date.

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the Statement of Profit and Loss. Property, Plant and Equipment which are found to be not usable or retired from active use or when no further benefits are expected from their use are removed from the books of account and the carrying value if any is charged to Statement of Profit and Loss.

Assets costing five thousand rupees or less are fully depreciated in the year of purchase.

Depreciation on Property, Plant and Equipment is provided based on the useful lives of the assets as estimated by the Management, which are in line with Schedule II to the Companies Act, 2013

Estimated useful life of the assets are as follows:

Type of the Asset	Method of Depreciation	Useful life considered (Years)
Buildings	SLM	30 - 60
Plant and Equipment	SLM	15
Furniture and Fittings	SLM	10
Vehicles	SLM	8
Tools and Equipment	SLM	10
Computers	SLM	3-6
Electrical Installations and Equipment	SLM	10
Lab Equipment	SLM	10
Right of use asset	SLM	90



d) Impairment of non-financial assets:

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- ii. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exists or have decreased. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

e) Leases:

The determination of whether an agreement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to date of transition, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Classification on inception of lease:

i. Operating lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

ii. Finance Lease:

A lease is classified as a financial lease where the lessor transfers substantially all the risks and rewards incidental to the ownership of the leased item.

The Company has adopted Ind AS 116-Leases effective 1st April 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised in the Reserves on the date of initial application (1st April 2019). Accordingly, previous period information has not been restated and continues to be reported under Ind AS 17 – Leases.



Accounting of Operating leases:**i. Where the Company is the lessee:**

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short-term and Cancellable leases having a lease term up to 36 months. For remaining leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the period of the lease. In case the escalation in operating lease payments is in line with the expected general inflation rate then the lease payments are charged to statement of profit and loss instead of straight-line method.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease period.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

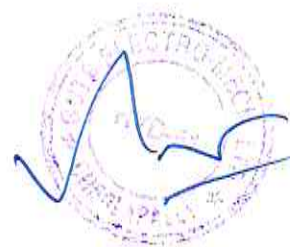
Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

ii. where the Company is the lessor:

Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Initial direct costs such as legal costs, brokerage costs, etc., are added to the carrying amount of the leased asset and recognised as an expense over the lease term.

f) Inventories:

- i. Raw Materials, Stores and Spares and Consumables are stated at lower of Cost and Net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost in which they will be incorporated and expected to be sold at or above cost. Cost is determined on FIFO basis.
- ii. Work-in-progress and finished goods are stated at the lower of cost and net realizable value.
- iii. Cost includes direct materials, labour and a proportion of manufacturing overheads based on actual production. Cost is determined on FIFO basis.
- iv. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.



g) **Revenue recognition:**

Revenue from contracts with customers includes Sale of Goods and Services and is recognised when control of goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services.

Revenue is measured at the fair value of consideration received or receivable and is recognized when the control in all respects, over the Goods or Services is transferred to and accepted by the customer and the company has not retained any significant risks of ownership and future obligations with respect to such Goods or Services. Specifically, the following basis is adopted for various sources of income:

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

- i. **Sale of goods:** Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and is disclosed net off discounts, taxes collected and returns.
- ii. **Interest:** Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iii. **Export Incentives:** Export benefits in the form of Merchandise Exports from India are recognised as and when the amounts are sanctioned by DGFT.

h) **Government Grants and Subsidies:**

Government grants and subsidies are recognised where there is reasonable assurance that the grant/subsidy will be received, and all attached conditions will be complied with.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

i) **Foreign Currency Transactions:**

- i. **Functional and Reporting Currency:** The Company's functional and reporting currency is Indian National Rupee.
- ii. **Initial Recognition:** Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amounts the exchange rate between the reporting currency and the foreign currency on the date of the transaction.
- iii. **Conversion on reporting date:** Foreign currency monetary items are reported at the closing rate. Foreign currency non-monetary items are reported at historical cost.
- iv. **Exchange Differences:** Exchange difference arising on the settlement of monetary items or on reporting monetary items of company at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognised as income or as expenses in the year in which they arise.



j) Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

k) Retirement and other employee benefits:

- i. Employer's contribution to Provident Fund/Employee State Insurance which is in the nature of defined contribution scheme is expensed off when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to these funds.
- ii. The company operates a gratuity plan which is in the nature of defined benefit obligation. The company's liability is provided based on independent actuarial valuation on projected unit credit method made at the end of each financial year as per the requirements of Ind AS 19 on "Employee Benefits".
- iii. Gratuity liability is considered as post-employment benefit expense as per Ind AS -19. Accordingly, Actuarial gain/(loss) on re-measurement of present value of defined benefit obligation and actual return on plan assets excluding net interest is recognised under other comprehensive income for the year.
- iv. Accumulated leaves, which are expected to be utilised within the next twelve months, are treated as short-term employee benefits. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.
- v. The Company treats accumulated leaves expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

l) Earnings Per Share:

Basic earnings per share are calculated by dividing the profit for the period attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



m) Provisions:

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provisions.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where the effect of the time of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognised as a finance cost.

n) Contingencies:

Where it is not probable that an inflow or an outflow of economic resources will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statement of balance sheet and is disclosed as a contingent asset or contingent liability. Possible outcomes on obligations/rights, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent assets or contingent liabilities.

o) Decommissioning Liability:

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

p) Taxes on Income:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Current tax includes taxes to be paid on the profit earned during the year and for the prior periods.

Deferred income taxes are provided based on the balance sheet approach considering the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.



Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if it is probable that they can be utilised against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company write-off the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-off is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

q) Prior period items:

In case prior period adjustments are material in nature, the company prepares the restated financial statement as required under Ind AS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". In case of immaterial items, such adjustments are shown under respective items in the Statement of Profit and Loss.

r) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investment with original maturities of three months or less that are readily convertible to a known amount of cash which are subject to an insignificant risk of changes in value and are held for meeting short-term cash commitments.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

s) Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Management/Chief operating decision maker ("CODM").

t) Financial instruments:

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



Financial Assets:**a. Initial recognition and measurement:**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

b. Subsequent measurement:

For the purpose of subsequent measurement, financial assets are classified in to following categories

- a. Debt instruments at amortised cost
- b. Debt Instruments at fair value through profit and loss (FVTPL)
- c. Equity instruments at fair value through profit and loss (FVTPL)

a. Debts Instruments at amortised cost:

A 'Debt Instrument' is measured at the amortised cost if both the following conditions are met:

- i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortisation is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

b. Debt Instruments at Fair value through profit and loss (FVTPL):

As per the Ind AS 101 and Ind AS 109, the Company is permitted to designate the previously recognised financial asset at initial recognition irrevocably at fair value through profit and loss on the basis of fact and circumstances that exists on the date of transition to Ind AS. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of Profit and Loss.



c. Equity instruments at fair value through profit and loss (FVTPL):

Equity instruments in the scope of Ind AS 109 are measured at fair value. The classification is made on initial recognition and is irrevocable. Subsequent changes in the fair values at each reporting date are recognised in the Statement of Profit and Loss.

c. Derecognition:

A financial asset or where applicable, a part of a financial asset is primarily derecognised when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates, if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

d. Impairment of financial assets:

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial instruments.

Expected credit loss 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.

The management uses a provision matrix to determine the impairment loss on the portfolio of trade and other receivables. Provision matrix is based on its historically observed expected credit loss rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Expected credit loss allowance or reversal recognised during the period is recognised as income or expense, as the case may be, in the statement of profit and loss. In case of balance sheet, it is shown as an adjustment from the specific financial asset.



Financial liabilities:

a. Initial recognition and measurement:

At initial recognition, all financial liabilities are recognised at fair value and in the case of loans, borrowings and payables, net of directly attributable transaction costs.

b. Subsequent measurement:

i. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gain or losses on liabilities held for trading are recognised in the profit or loss. The company does not designate any financial liability at fair value through profit or loss.

ii. Financial liabilities at amortised cost:

Amortised cost, in case of financial liabilities with maturity more than one year, is calculated by discounting the future cash flows with effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit and loss. Financial liability with maturity of less than one year is shown at transaction value.

c. Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Reclassification:

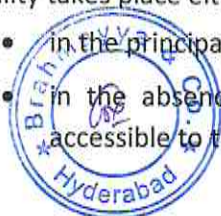
The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

t) Fair Value Measurement:

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either

- in the principal market for such asset or liability, or
- in the absence of a principal market, in the most advantageous market which is accessible to the company.



The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- a. Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- b. Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurements is directly or indirectly observable.
- c. Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.



4 PROPERTY, PLANT AND EQUIPMENT

Sl. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		As at 01.04.2021	Additions	Deletions	As at 31.03.2022	Up to 31.03.2021	for the year on Deletions	Up to 31.03.2022	As at 31.03.2022
01	Land	335,175	-	-	335,175	-	-	-	335,175
02	Buildings	19,364,973	-	-	19,364,973	6,245,354	651,012	6,896,366	12,468,607
03	Plant and Equipment	77,807,111	6,152,972	-	83,960,083	35,456,583	4,824,888	40,281,471	43,678,612
04	Electrical Fittings	1,420,138	68,000	-	1,488,138	560,710	117,549	678,259	809,879
05	Office Equipment	4,780,447	29,007	-	4,809,454	3,228,655	439,951	3,668,606	1,140,848
06	Tools and Equipments	13,807,828	34,853	-	13,842,681	6,143,190	1,134,826	7,278,016	6,564,665
07	Data Processing equipment	3,085,038	107,653	-	3,192,691	1,936,631	361,852	2,298,483	894,208
08	Furniture and fixtures	2,469,631	240,960	-	2,710,591	1,140,275	345,137	1,485,412	1,225,179
09	Vehicles	1,476,221	2,428,990	-	2,697,766	871,958	140,819	265,727	2,432,039
10	Right of use Asset - Land	3,476,242	-	1,207,445	3,476,242	326,248	38,625	364,873	3,111,369
	Grand Total	128,022,805	9,062,435	1,207,445	135,877,795	55,909,605	8,054,659	63,217,214	72,660,581
	Previous year	125,241,728	2,781,077	-	128,022,805	48,075,260	7,834,345	55,909,605	72,113,200
									77,166,468

5 INTANGIBLE ASSETS

Sl. No.	PARTICULARS	GROSS BLOCK			AMORTISATION			NET BLOCK	
		As at 01.04.2021	Additions	Deletions	As at 31.03.2022	Up to 01.04.2021	for the year on Deletions	Up to 31.03.2022	As at 31.03.2022
01	Intangible assets	1,206,275	-	-	1,206,275	231,273	120,531	351,804	854,471
	Grand Total	1,206,275	-	-	1,206,275	231,273	120,531	351,804	854,471
	Previous year	1,123,526	82,749	-	1,206,275	113,834	117,439	231,273	975,002
									1,009,692

*

Include the following (Gross Value)	Given on Lease as at		with Job Workers as at	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Plant and Equipment	6,395,939	6,395,939	9,775,915	9,775,915
Office Equipment	89,370	89,370	4,590	4,590
Tools and Equipments	1,125,513	1,125,513	1,596,277	1,596,277
Data Processing equipment	132,764	132,764	-	-
Furniture and fixtures	80,450	80,450	13,000	13,000
TOTAL	7,824,036	7,824,036	11,389,782	11,389,782

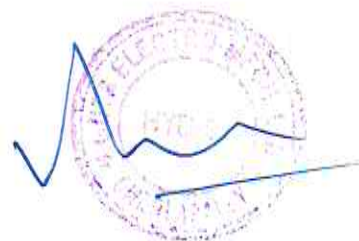


GUTS ELECTRO-MECH LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Note No	Particulars	Amount in ₹	
		As at March 31, 2022	As at March 31, 2021
6	Other Non Current Financial Assets:		
	Security Deposits	270,786	270,786
	Total	270,786	270,786
7	Deferred Taxes:		
	<i>Net deferred tax recognised in Balance Sheet</i>		
	Fair value of financial assets/liabilities	854,453	695,364
	Accelerated depreciation	(5,454,003)	(5,450,688)
	Other disallowances	8,220,955	8,621,550
	Total	3,621,405	3,866,226
	<i>Movement in Deferred Taxes</i>		
	Deferred tax asset/(liability) - Profit and loss	96,361	2,573,189
	Deferred tax asset/(liability) - OCI	148,460	(40,849)
	Total	244,821	2,532,340
8	Other Non Current Assets:		
	Prepaid Expenses	1,360,607	1,640,369
	Capital advances	-	1,948,601
	Other Receivables	9,222,555	1,000,000
	Less: Provision for doubtful Recovery	(8,722,555)	-
	Total	1,860,607	4,588,970
9	Inventories:		
	Raw Materials at cost *	76,687,744	40,034,893
	Raw Materials in Transit at cost	70,349	962,432
	Work in Progress at cost**	19,510,339	25,038,910
	Finished Goods at cost	12,860,520	8,967,125
	Stock of Scrap at Realisable Value***	-	5,896,436
	MEIS duty scrips	312,717	1,303
	Provision for non moving Inventory	(189,172)	(189,172)
	Total	109,252,497	80,711,927
	* includes with Job Workers	12,198,576	6,582,876
	** includes with Job Workers	1,845,263	5,123,719
	***includes with Job Workers	-	3,608,145



10 TRADE RECEIVABLES

(Amount in ₹)

Particulars	2021-22					
	Outstanding for the following periods from due date of Payment					
	< 6 months	6 months to 1 year	1-2 years	2-3 years	> 3 years	Total
Undisputed:						
Considered Good						
i. Due from Related Parties	11,433,351	-	-	-	-	11,433,351
ii. Due from Others	46,249,224	-	-	-	-	46,249,224
	57,682,575	-	-	-	-	57,682,575
With Significant Increase in Credit Risk						
i. Due from Related Parties	-	1,271,687	-	-	-	1,271,687
Less: Expected Credit Loss on above	-	(635,844)	-	-	-	(635,844)
ii. Due from Others	-	2,491,667	22,100	-	-	2,513,767
Less: Expected Credit Loss on above	-	(1,245,833)	(16,575)	-	-	(1,262,408)
	-	1,881,677	5,525	-	-	1,887,202
Credit Impaired						
i. Due from Related Parties	-	-	-	-	-	-
Less: Expected Credit Loss on above	-	-	-	-	-	-
ii. Due from Others	-	-	-	96,926	1,399,548	1,496,474
Less: Expected Credit Loss on above	-	-	-	(96,926)	(1,399,548)	(1,496,474)
	-	-	-	-	-	-
Disputed:						
Considered Good						
i. Due from Related Parties	-	-	-	-	-	-
ii. Due from Others	-	-	-	-	-	-
	-	-	-	-	-	-
With Significant Increase in Credit Risk						
i. Due from Related Parties	-	-	-	-	-	-
Less: Expected Credit Loss on above	-	-	-	-	-	-
ii. Due from Others	-	-	-	-	-	-
Less: Expected Credit Loss on above	-	-	-	-	-	-
	-	-	-	-	-	-
Credit Impaired						
i. Due from Related Parties	-	-	-	-	-	-
Less: Expected Credit Loss on above	-	-	-	-	-	-
ii. Due from Others	-	-	-	-	-	-
Less: Expected Credit Loss on above	-	-	-	-	-	-
	-	-	-	-	-	-
Total	57,682,575	1,881,677	5,525	-	-	59,569,777
Particulars	2020-21					
	Outstanding for the following periods from due date of Payment					
	< 6 months	6 months to 1 year	1-2 years	2-3 years	> 3 years	Total
Undisputed:						
Considered Good						
i. Due from Related Parties	54,021,752	-	-	-	-	54,021,752
ii. Due from Others	32,858,683	-	-	-	-	32,858,683
	86,880,435	-	-	-	-	86,880,435
With Significant Increase in Credit Risk						
i. Due from Related Parties	-	-	-	-	-	-
Less: Expected Credit Loss on above	-	-	-	-	-	-
ii. Due from Others	-	11,969	190,802	-	-	202,771
Less: Expected Credit Loss on above	-	(5,984)	(143,102)	-	-	(149,086)
	-	5,985	47,700	-	-	53,685
Credit Impaired						
i. Due from Related Parties	-	-	-	-	-	-
Less: Expected Credit Loss on above	-	-	-	-	-	-
ii. Due from Others	-	-	-	1,510,839	1,102,746	1,102,746
Less: Expected Credit Loss on above	-	-	-	(1,510,839)	(1,102,746)	(1,102,746)
	-	-	-	-	-	-
Disputed:						
Considered Good						
i. Due from Related Parties	-	-	-	-	-	-
ii. Due from Others	-	-	-	-	-	-
	-	-	-	-	-	-
With Significant Increase in Credit Risk						
i. Due from Related Parties	-	-	-	-	-	-
Less: Expected Credit Loss on above	-	-	-	-	-	-
ii. Due from Others	-	-	-	-	-	-
Less: Expected Credit Loss on above	-	-	-	-	-	-
	-	-	-	-	-	-
Credit Impaired						
i. Due from Related Parties	-	-	-	-	-	-
Less: Expected Credit Loss on above	-	-	-	-	-	-
ii. Due from Others	-	-	-	-	-	-
Less: Expected Credit Loss on above	-	-	-	-	-	-
	-	-	-	-	-	-
Total	86,880,435	5,985	47,700	-	-	86,934,120



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Note No	Particulars	Amount in ₹	
		As at March 31, 2022	As at March 31, 2021
11	Cash and cash equivalents:		
	Balances with banks		
	Current Account	204,494	435,107
	Cash on Hand	17,751	23,492
	Total	222,245	458,599
12	Other financial assets - Current:		
	Staff Advances	20,073	104,263
	Security Deposits	1,000	1,000
	Other Receivables	5,638,094	5,728,275
	Total	5,659,167	5,833,538
13	Other Current Assets:		
	Advance for Purchases and Expenses to related Parties	-	-
	to others	11,151,093	14,293,518
	Less: Provision for Doubtful Advance	(7,934,997)	(7,934,997)
	Balance with Statutory Authorities	16,201,401	11,971,255
	Prepaid Expenses	1,882,785	1,283,347
	Total	21,300,282	19,613,123



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Note No.	Particulars	Amount in ₹	
		As at March 31, 2022	As at March 31, 2021
14 Equity Share Capital:			
A. <i>Authorised Share Capital:</i>			
2,000,000 Equity Shares of ₹ 10/- each		20,000,000	20,000,000
		20,000,000	20,000,000
B. <i>Issued, Subscribed and Fully Paid up share capital:</i>			
1,965,842 Equity Shares of ₹ 10/- each		19,658,420	19,658,420
Total		19,658,420	19,658,420
C. <i>Reconciliation of the shares outstanding at the beginning and at the end of year:</i>			
In no. of Shares			
At the beginning and at the end of the Year		1,965,842	1,965,842
		1,965,842	1,965,842
In value of Shares			
At the beginning and at the end of the Year		19,658,420	19,658,420
		19,658,420	19,658,420
D. <i>Rights attached to the Equity Shares:</i>			
The company has only one class of equity shares having a face value of ₹ 10/- per share with one vote per each share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.			
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.			
E. <i>Shares held by Holding Company:</i>			
V-Guard Industries Limited -in numbers		1,454,723	1,454,723
F. <i>Details of Shareholders holding more than 5% shares in the company:</i>			
<i>Equity Shares:</i>			
a. R B V S Arun Kumar -in numbers		511,119	511,119
- In percentage		26.00	26.00
c. V-Guard Industries Limited -in numbers		1,454,723	1,454,723
- In percentage		74.00	74.00
G. <i>Details of Shareholding of promoters:</i>			
<i>Equity Shares:</i>			
V-Guard Industries Limited :			
-in numbers		1,454,723	1,454,723
- In percentage		74.00	74.00
- Change during the year		NIL	NIL



GUTS ELECTRO-MECH LIMITED

CIN: U52520TG1987PLC007245

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Note No	Particulars	Amount in ₹	
		As at March 31, 2022	As at March 31, 2021
15 Other Equity:			
	Additional Investment from the Parent Company	7,026,849	5,426,849
	Capital Reserve (Industrial Subsidy)		
	At the beginning and at end of the Year	379,240	379,240
	Securities Premium		
	At the beginning and at end of the Year	23,861,228	23,861,228
	Surplus in Statement of Profit and Loss		
	At the beginning of the year	88,242,081	46,940,556
	Profit for the year	31,158,567	41,301,525
	At the end of the year	119,400,648	88,242,081
	Other Comprehensive Income		
	On actuarial Gain/(loss) on post employment benefits		
	At the beginning of the year	159,775	38,330
	Transferred from the statement of Profit and loss	441,370	121,445
	At the end of the year	601,145	159,775
	Total	151,269,110	118,069,173
16 Provisions - Non Current:			
	Provision for employee benefits		
	Provision for Compensated absences	448,624	586,800
	Provision for Gratuity	3,219,667	3,097,061
	Other Provisions		
	De-commissioning liability	1,405,246	1,277,496
	Total	5,073,537	4,961,357
17 Borrowings - Current:			
	(Secured from Banks)		
	Loans repayable on demand (refer Note:36)		
	from ICICI Bank Limited - Cash Credit	17,921,673	30,132,316
	Total	17,921,673	30,132,316



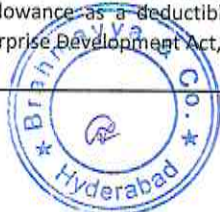
18 TRADE PAYABLES

Particulars	2021-22				
	Outstanding for following periods from due date of Payment				
	Less than 1 year	1-2 years	2-3 years	> 3 years	Total
Undisputed:					
I. MSME	5,736,317	-	-	-	5,736,317
ii. Others*	45,274,873	72,180	217,623	2,789,177	48,353,853
	51,011,190	72,180	217,623	2,789,177	54,090,170
* Includes related Parties	1,427,736	-	-	-	1,427,736
I. MSME	-	-	-	-	-
ii. Others	-	-	-	-	-
	-	-	-	-	-
Total	51,011,190	72,180	217,623	2,789,177	54,090,170

Particulars	2020-21				
	Outstanding for following periods from due date of Payment				
	Less than 1 year	1-2 years	2-3 years	> 3 years	Total
Undisputed:					
I. MSME	2,078,917	-	-	-	2,078,917
ii. Others*	63,898,626	124,672	3,226,476	53,076	67,302,850
	65,977,543	124,672	3,226,476	53,076	69,381,767
* Includes related Parties	1,092,359	-	-	-	1,092,359
Disputed:					
I. MSME	-	-	-	-	-
ii. Others	-	-	-	-	-
	-	-	-	-	-
Total	65,977,543	124,672	3,226,476	53,076	69,381,767

Disclosure of Trade Payables is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and relied upon by the Auditors. The details of total outstanding dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development Act, 2006 are as follows:

Particulars	Amount in ₹	
	31.03.2022	31.03.2021
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	5,736,317	2,078,917
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day each accounting year.	Nil	Nil
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 specified under Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
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 Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil



GUTS ELECTRO-MECH LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Note No	Particulars	Amount in ₹	
		As at March 31, 2022	As at March 31, 2021
19	Other financial liabilities - Current:		
	Salaries and Wages payable		
	Others	1,243,597	1,103,865
	Related Parties	472,108	270,602
	Other liabilities:		
	Dues to others	279,139	486,200
	Total	1,994,844	1,860,667
20	Other current liabilities:		
	Statutory Liabilities		
	Service Tax Payable	66,797	66,797
	GST payable	13,116,678	14,793,071
	Withholding Taxes Payable	334,399	463,357
	Other Statutory Dues	190,161	332,786
	Total	13,708,036	15,656,011
21	Provisions - Current:		
	Provision for employee benefits		
	Provision for Compensated absences	98,656	74,564
	Provision for Gratuity	248,397	478,155
	Other provisions		
	Provision for Warranties	7,246,536	6,930,083
	Total	7,593,589	7,482,802
22	Commitments and Contingent Liabilities:		
	Capital commitments(Net of advances)		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	2,065,800	1,260,024
	Contingent Liabilities:	NIL	NIL

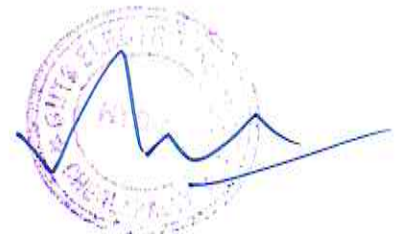


GUTS ELECTRO MECH LIMITED

CIN: U52520TG1987PLC007245

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Note No	Particulars	Amount in ₹	
		For the year ended March 31, 2022	For the year ended March 31, 2021
23	Revenue from Operations:		
	Sale of Products		
	Finished Goods	586,506,327	530,828,674
	Other Operating Income		
	Sale of Scrap	7,457,972	20,804,472
	Export Incentives	311,414	1,185,454
	Total	594,275,713	552,818,600
24	Other Income:		
	Other Non-operating Income (Net of Expenses)		
	Profit on Sale of Fixed Assets	74,600	-
	Profit on Sale of Inventory	789,152	320,990
	Government incentives -budgetary support	-	834,330
	Equipment hire charges	210,000	210,000
	Excess Provisions Written Back	-	725,932
	Warranty Provision no longer required written back	2,418,949	1,835,150
	Expected Credit loss on trade receivables written back	-	2,764,107
	Credit Balances no longer payable Written Back	-	617,899
	Miscellaneous Receipts	140,862	24,187
	Total	3,633,563	7,332,595
25	Cost of Material Consumed:		
	Inventory at the beginning of the year	40,034,893	36,597,622
	Add : Purchases	410,484,160	373,599,654
		450,519,053	410,197,276
	Less: Cost of inventory sold as such	2,231,256	1,067,920
	Less: Cost of inventory written off	-	100,522
	Less: Inter location transfer in transit	70,349	-
	Less: Inventory at the end of the year	76,687,744	40,034,893
	Total	371,529,704	368,993,941
26	Changes in inventories of Stock-In-Trade:		
	Inventory at the beginning of the Year		
	Finished Goods	8,967,125	6,781,178
	Work in Progress	25,038,910	17,882,851
	Scrap	5,896,436	747,905
		39,902,471	25,411,934
	Inventory at the end of the Year		
	Finished Goods	12,860,520	8,967,125
	Work in Progress	19,510,339	25,038,910
	Scrap	-	5,896,436
		32,370,859	39,902,471
	Total	7,531,612	(14,490,537)
27	Employee Benefits Expense:		
	Salaries, Wages and Bonus	22,325,438	21,600,786
	Contribution to Provident and Other Funds	1,118,597	1,176,507
	Staff Welfare Expenses	918,169	682,193
	Gratuity	653,550	681,241
	Total	25,015,754	24,140,727



GUTS ELECTRO MECH LIMITED

CIN: U52520TG1987PLC007245

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Note No	Particulars	Amount in ₹	
		For the year ended March 31, 2022	For the year ended March 31, 2021
28 Finance Costs			
	Interest on borrowings	1,448,516	3,222,552
	Bank Charges and Commission	414,129	506,296
	Guarantee Commission	1,600,000	1,600,000
	Interest cost on de-commissioning liability	127,750	116,136
	Interest on Income - Tax	1,483,188	1,170,957
	Interest cost on Lease liability	4,500	4,500
	Total	5,078,083	6,620,441
29 Depreciation and amortisation expense:			
	Depreciation on Property, Plant and Equipment	8,054,659	7,834,345
	Amortisation of Intangible Assets	120,531	117,439
	Total	8,175,190	7,951,784
30 Other expenses:			
	Power and Fuel	1,739,662	1,720,419
	Contract Labour Charges	17,315,548	15,789,076
	Job work Charges	79,175,713	68,934,485
	Stores Consumption	3,121,918	2,152,281
	Repairs and maintenance		
	Machinery	1,471,480	1,821,128
	Building	213,244	284,719
	Other Assets	1,387,817	1,263,797
	Payments to Auditors		
	as auditors	225,000	215,000
	for Tax Audit	65,000	65,000
	Certification Fee	150,000	150,000
	Provisions for:		
	Warranties	2,735,402	2,382,600
	CSR activity (refer NOTE:33)	1,150,000	900,000
	Provision for expected Credit Loss on trade receivables	632,057	-
	Written off of:		
	Inventory-Raw Materials	-	100,522
	Debit Balances	-	104,649
	Bad debts	1,027,338	3,111,766
	Rates and Taxes	2,281,198	3,302,169
	Loss on Foreign Exchange Fluctuations (Net)	2,194,379	3,577,989
	Others		
	Freight and Transportation	1,689,201	1,814,122
	Insurance	498,317	480,620
	Travelling and Conveyance	257,102	190,873
	Legal and professional charges	1,932,496	1,284,234
	Penalties	263,398	412,711
	Others	7,575,179	3,898,343
	Total	127,101,450	113,956,503



GUTS ELECTRO MECH LIMITED

CIN: U52520TG1987PLC007245

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Note No	Particulars	Amount in ₹	
		For the year ended March 31, 2022	For the year ended March 31, 2021
31 Other comprehensive income:			
	Actuarial Gain/(Losses) on employee benefit Expense for the Year	589,830	162,294
	Deferred Taxes on above	(148,460)	(40,849)
	Total	441,370	121,445
32 Earnings Per Equity Share:			
	Profit for the Year attributable to equity share holders in INR	28,658,567	41,301,525
	Weighted average number of equity shares of ₹ 10/-each	1,965,842	1,965,842
	Earnings per equity share (Basic and Diluted) = (a/b)	14.58	21.01

33 Corporate Social Responsibility:

The Company is fulfilling its obligations under CSR by making necessary Contributions to HelpAge India, a Registered Society

The following are the details with regard to CSR activities during the year:

i. Amount required to be spent during the year	1,130,000	900,000
ii. Amount of expenditure incurred	1,150,000	900,000
iii. Shortfall at the end of the year	(20,000)	-
iv. Total of Previous years Shortfall	-	-
v. Nature of CSR activities		
Disability Aids to Elder beneficiaries	309,751	-
Physiotherapy equipment	634,864	-
Awareness Program	99,978	-
Cataract Surgeries conducted	-	756,000
Supervision and Monitoring cost	105,407	144,000
Total	1,150,000	900,000

34 Exceptional item:

Provision for Fraud by an employee of the company

	8,722,555	-
Total	8,722,555	



35 ANALYTICAL RATIOS:

S.No	Ratio	Period	Numerator	Denominator	Current period	Previous Period	% of Variance	Reason for Variance
1	Current Ratio	2022 2021	196,003,968 193,551,307	99,230,272 132,636,060	1.98	1.46	35.36%	accelerated Collections and higher Inventory
2	Debt-Equity Ratio	2022 2021	17,921,673 30,132,316	170,927,530 137,727,593	0.10	0.22	-52.08%	Short utilisation of working capital loan
3	Debt Service Coverage Ratio	2022 2021	86,501,134 107,564,533	19,374,689 34,530,325	4.46	3.12	43.32%	Short utilisation of working capital loan
4	Return on Equity Ratio	2022 2021	31,599,937 41,422,970	154,327,563 116,216,108	0.20	0.36	-42.55%	Due to exceptional Charge
5	Inventory Turnover Ratio	2022 2021	594,275,713 552,818,600	94,982,212 72,484,497	6.26	7.63	-17.96%	NA
6	Trade receivables turnover Ratio	2022 2021	594,275,713 552,818,600	73,251,949 60,621,354	8.11	9.12	-11.04%	NA
7	Trade Payables turnover Ratio	2022 2021	371,529,704 368,993,941	61,735,969 61,527,422	6.02	6.00	0.35%	NA
8	Net Capital turnover Ratio	2022 2021	594,275,713 552,818,600	96,773,696 60,915,247	6.14	9.08	-32.33%	Due to increase in sales and higher Inventory
9	Net Profit Ratio	2022 2021	31,599,937 41,422,970	594,275,713 552,818,600	0.05	0.07	-29.04%	Due to exceptional Charge
10	Return on Capital employed	2022 2021	43,896,242 49,908,078	188,849,203 167,859,909	0.23	0.30	-21.82%	NA
11	Return on Investment	2022 2021	26,859,946 35,209,525	112,455,632 77,246,109	0.24	0.46	-47.60%	Due to exceptional Charge

Note: Items included in numerator and denominator

S.No	Ratio	Numerator	Denominator
1	Current Ratio	Current Assets	Current Liabilities
2	Debt-Equity Ratio	Total Debt	Shareholder's Equity
3	Debt Service Coverage Ratio	Earnings available for debt service (Net Profit after taxes+Non cash expenses+interest+other adjustments like loss on sale of Fixed assets etc.)	Debt Service (Interest and Payments +Principal Repayments)
4	Return on Equity Ratio	Net Profit after taxes -Preference Dividend	Average Shareholder's Equity
5	Inventory Turnover Ratio	Cost of goods sold or sales	Average Inventory
6	Trade receivables turnover Ratio	Net Credit Sales	Average Accounts Receivable
7	Trade Payables turnover Ratio	Net Credit Purchases	Average Accounts Payables
8	Net Capital turnover Ratio	Net Sales	Working Capital (Current assets minus Current liabilities)
9	Net Profit Ratio	Net Profit after Tax	Net Sales
10	Return on Capital employed	Earnings before interest and Taxes	Capital Employed (Tangible Net Worth +Total Debt+Deferred Tax Liability)
11	Return on Investment	$\{MV(T_1)-MV(T_0)\}$	$MV(T_0)$

Where

$MV(T_1)$ =Market value at the end of time period
 $MV(T_0)$ =Market value at beginning of time period



36 Secured loans from Banks:**FROM ICICI BANK LIMITED:**

Cash Credit amounting to ₹ 5.00 crores and **Term Loan** amounting to ₹ 3.00 crores (yet to be drawn) is secured by:

Primary Security:

First and exclusive charge on entire current assets of the Company includes raw materials, goods in process, semi-finished goods, consumable stores and spares and such other movables including book debts, bills, together with movable properties such as receivables, movable plant and machinery, spares, tools, and accessories both present and future of the Company premises at 163 C/164 E, I O A Phase II, Cherlapally, Hyderabad- 500051 and Plot No.2, Sector 3A, SIDCUL, Haridwar, Uttaranchal.

Collateral Security:

Corporate Guarantee executed by the parent company Viz., M/s. V-Guard Industries Limited

Interest and Repayment Terms:

- Cash Credit carries interest @ Repo Rate+3.95% per annum and is repayable on demand.
- Term Loan carries interest @ MCLR+0.65% per annum with monthly resting and shall be repaid in 16 equal quarterly instalments after the initial moratorium of one year from the date of disbursement till the final maturity date.
- The present Repo rate is 4.00%

37. Movements in Provisions:**Amount in ₹**

Particulars	For the year ended March 31,2022	For the year ended March 31,2021
Gratuity: (Refer Note: 38 also)		
At the beginning of the year	3,575,216	3,133,183
Charge for the year	63,720	518,947
Released during the year	(170,872)	(76,914)
At the end of the year	3,468,064	3,475,216
Compensated Absences:		
At the beginning of the year	661,364	618,833
Charge for the year	(56,150)	47,997
Released during the year	(57,934)	(5,466)
At the end of the year	547,280	661,364
Warranties:		
At the beginning of the year	6,930,083	6,382,633
Charge for the year	2,735,402	2,382,600
Released during the year	(2,418,949)	(1,835,150)
At the end of the year	7,246,536	6,930,083



38 Retirement and other Benefit Obligations:

Amount in ₹

Particulars	For the year ended March31,2022	For the year ended March31,2021
A. Defined Contribution Plan (Expenses)		
Contribution to Provident Fund	915,304	946,368
Contribution to Employee State Insurance	166,542	190,478

B. Post-employment Defined Benefit Plan (Gratuity)	Amount in ₹	
Particulars	For the year ended March31,2022	For the year ended March31,2021
1. Movement in obligation		
Present Value of obligation at the beginning of year	3,575,216	3,133,183
Current Service Cost	412,407	470,491
Interest Cost	241,144	210,751
Benefits paid	(170,872)	(76,914)
Actuarial (gain)/Loss on Obligation	(589,831)	(162,294)
Present Value of obligation at the end of year	3,468,064	3,575,216

2. Expenses recognised in Profit and Loss Statement:	For the year ended March 31, 2022	For the year ended March 31, 2021
Current Service Cost	412,407	470,491
Net Interest Cost	241,144	210,751
Expense for the year	653,551	681,241

3. Recognised in Other Comprehensive Income:		
Actuarial (Gain) /loss for the year	(589,831)	(162,295)
Total Expenditure recognised	(589,831)	(162,295)

4. Actuarial Assumptions for estimating Company's Defined Benefit Obligation:		
a. Attrition Rate	7.75 %	9.60 %
b. Discount Rate	7.32%	6.91%
c. Expected Rate of Increase in Salary	8.60%	8.60%
d. Expected Rate of return on Plan Assets	NA	NA
e. Mortality Rate	IALM (2012-14) Ult.	IALM (2006-08) Ult.
f. Expected Average remaining working lives of employees (years)	22.76	22.27



5.	Sensitivity Analysis		Amount in ₹	
	Sensitivity	Change	Effect on obligations	
	Discount Rate	+1%	(284,243)	(260,456)
		-1%	330,923	301,584
	Salary Escalation Rate	+1%	342,633	313,697
		-1%	(299,779)	(276,401)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the Balance Sheet.

6.	Expected Payout - Gratuity		
	Expected payments – 1st Year	248,397	478,155
	Expected payments – 2nd Year	250,373	281,960
	Expected payments – 3rd Year	251,636	282,784
	Expected payments – 4th Year	253,201	279,166
	Expected payments – 5th Year	447,593	275,218
	Expected payments – 6th year to 10th Year	1,539,585	1,696,429

7. Other Information:

i. Plan Assets:

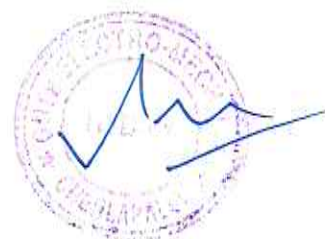
At present the company has not invested any amount in plan assets.

ii. Present value of defined benefit obligation:

Present value of the defined benefit obligation is calculated by using Projected Unit Credit method (PUC Method). Under the PUC method a "projected accrued benefit" is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the Plan. The "projected accrued benefit" is based on the Plan's accrual formula and upon service as of the beginning or end of the year but using a member's final compensation projected to the age at which the employee is assumed to leave active service. The Plan Liability is the actuarial present value of the "projected accrued benefits" as of the beginning of the year for active members.

iii. Expected average remaining service Vs. Average Remaining Future Service:

The average remaining service can be arithmetically arrived by deducting current age from normal retirement age whereas the expected average remaining future service is arrived actuarially by applying multiple decrements to the average remaining future service namely mortality and withdrawals. Thus, the expected average remaining service is always less than the average remaining future service.



iv. **Current and Non- Current Liability:**

The total of current and non-current liability must be equal with the total of PVO (Present value obligation) at the end of the period plus short-term compensated liability if any. It has been classified in terms of "Schedule III of the Companies Act 2013.

Accordingly, below is the Current and Non-Current classification of Gratuity and Compensated Absences:

Particulars	Amount in ₹	
	As at March 31, 2022	As at March 31, 2021
<u>Gratuity: -</u>		
a. Current Portion	248,397	478,155
b. Non-current portion	3,219,667	3,097,061
<u>Compensated Absences: -</u>		
a. Current Portion	98,656	74,564
b. Non-current portion	448,624	586,800

- v. The rate of escalation in compensation considered in the above valuation is estimated taking into account inflation, seniority, promotion and other relevant factors and the above information is as certified by an actuary.

39. **Income tax expense and Deferred Taxes**

Amount in ₹

Particulars		For the year ended March 31, 2022	For the year ended March 31, 2021
<u>Income Tax Expense: -</u>			
a.	Current Tax	16,000,000	14,250,000
b.	Deferred Tax (arising on temporary differences)	(244,821)	(2,532,340)
	Total Tax Expense for the year	15,755,179	11,717,660
<u>Effective Tax Reconciliation: -</u>			
a.	Net Profit before taxes	45,344,758	53,140,630
b.	Tax rate applicable to the company as per normal provisions	25.17%	25.17%
c.	Tax expense on net profit (c = a*b)	11,413,275	13,374,434
d.	Increase/(decrease) in tax expenses on account of:		
i.	Accelerated Depreciation	73,725	(54,165)
ii.	Expenses not allowed under income tax	4,797,355	1,093,932
iii.	Expenses that are allowed under payment basis	14,582	399,270
iv.	Other allowances	(608,849)	(695,670)
v.	Income charged under other heads	--	--
vi.	Other adjustments	309,912	132,199
	Total Increase/(decrease) in tax expenses (d)	4,586,725	875,566
e.	Tax as per normal provision under Income tax (c + d)	16,000,000	14,250,000

<u>Deferred Taxes: -</u>	For the year ended March 31, 2022	For the year ended March 31, 2021
As on the reporting date:		
a. On OCI Component		
-Actuarial Gain/(Losses) on Defined Benefit Plans	(148,460)	(40,849)
b. Other than OCI component		
-Difference in WDV of fixed assets	(5,454,003)	(5,450,688)
-Fair Value of Financial Assets/liabilities	854,453	695,364
-Other disallowances	8,369,415	8,662,399
c. Total for the year	3,621,405	3,866,226
Expense/(Income) Recognised for the year ended:		
a. Deferred tax liability/(asset) recognised in statement of profit and loss:	96,361	(2,573,189)
b. Deferred tax recognised in Other Comprehensive Income	148,460	40,849
c. Deferred tax recognised in Total Comprehensive Income	244,821	(2,532,340)

40. Fair Value of financial instruments:

Amount in ₹

Particulars	As at March 31, 2022	As at March 31, 2021
<u>Financial Assets: -</u>		
<u>At Amortised Cost</u>		
Security Deposits	271,786	271,786
Employee Staff Advance	20,073	104,263
<u>Carrying Value</u>		
Security Deposits	271,786	271,786
Employee Staff Advance	20,073	104,263

The management assessed that cash and cash equivalents, trade receivables, trade payables and other current assets/liabilities approximate their carrying amount largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is reported at the amount at which the instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

Fair value of interest free loans given to employees and security deposits have been calculated by discounting future cashflows using rates currently available for debt on similar terms, credit risk and remaining maturities.



Description of significant observable inputs to valuation:

a. Interest free employee staff advance:

Since all the Employee advances are current in nature the carrying value is assumed to be the fair value of such advances.

b. Interest free Security Deposits (assets):

All the non-current Security Deposits are with no repayment terms. Hence the carrying value is assumed to be the fair value of such Deposits.

41. Fair Value hierarchy:

The following table provide the fair value measurement hierarchy of the company's assets and liabilities.

Quantitative disclosures of fair value measurement hierarchy for assets as at March 31, 2022:

			Amount in ₹
Particulars	Total	Fair Value measurement using	
		Quoted prices in active markets	Significant observable inputs
Financial Assets measured at Amortised Cost:			
Security Deposits	271,786	--	271,786
Employee Staff Advance	20,073	--	20,073

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2021:

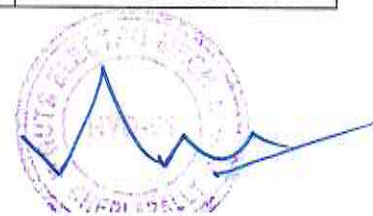
Amount in ₹			
Particulars	Total	Fair Value measurement using	
		Quoted prices in active markets	Significant observable inputs
Financial Assets measured at Amortised Cost:			
Security Deposits	271,786	--	271,786
Employee Staff Advance	104,263	--	104,263

42. Segment Information:

The executive management of company monitors the operating results of its business as a single unit for the purpose of resource allocation and performance assessment which is "Manufacture of Electronic and Electromechanical Items." Hence segment information is not applicable.

Entity Wide Disclosures:

Revenue from external customers	Amount in ₹	
	For the year ended March 31, 2022	For the year ended March 31, 2021
India	550,436,473	474,752,356
Outside India	36,069,854	56,076,318
Total	586,506,327	530,828,674
Revenue from one customer amounts to	361,009,034	319,069,899



Non-Current Operating Assets	As at March 31, 2022	As at March 31, 2021
India	75,375,659	77,677,172
Outside India	--	--
Total	75,375,659	77,677,172

for Non-Current Operating assets, financial instruments, deferred tax assets, post-employment benefit assets have been excluded.

43. The details of the transactions with related parties to be disclosed as required by Indian Accounting Standard – 24 are as follows.

Names of the Related parties and description of relationship:

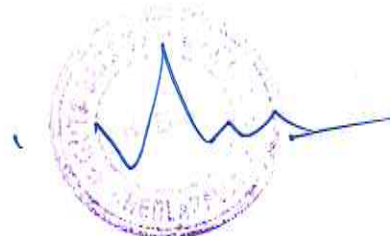
- i) Key Management Personnel : Mr. RBVS Arun Kumar : Managing Director
: Mr. V. Ravichandran : Director
: Mr. Abie Abraham : Director
- ii) Parent Company : M/s. V-Guard Industries Limited
- iii) Other Related Parties : M/s. Sri Vidyahitha (Proprietary Concern of wife of the Managing Director)

Transactions with Related Parties:

Particulars	Amount in ₹	
	31.03.2022	31.03.2021
i) Key Management Personnel		
Mr. RBVS Arun Kumar		
Remuneration	4,711,360	4,150,718
ii) Parent Company		
M/s. V-Guard Industries Limited		
Sale of Goods (net of returns)	361,009,034	319,069,899
Deputed Employees Service Cost	4,925,431	4,716,212
Guarantee Commission Paid	1,600,000	1,600,000
iii) Other Related Parties		
M/s. Sri Vidyahitha		
Equipment Lease earned	210,000	210,000
Services Availed (Job work)	39,136,971	36,477,387

Year end Balances {due from/ (due to)}

- 1. Mr. RBVS Arun Kumar (472,108) (270,602)
- 2. M/s. V-Guard Industries Limited 12,705,037 54,021,752
- 3. M/s. Sri Vidyahitha (1,427,736) (1,092,359)



44. Foreign Currency Exposure:

Particulars	As at March 31, 2022		As at March 31, 2021	
	Foreign Currency	Amount in ₹	Foreign Currency	Amount in ₹
Exposure in USD (\$)				
Receivables:				
a Export of goods	138,217	10,477,866	49,301	3,623,832
b Advance to Suppliers	12,754	966,833	202,305	10,683,599
Payables:				
a Import of Goods	142,053	10,775,680	96,830	6,830,135
Exposure in Chinese Yuan (CNY)				
Receivables:				
a. Advance to Suppliers	--	--	58,109	680,943

45. Financial Risk Management objectives and policies:

The company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk, credit risk and liquidity risk. The company's risk management policies focus on the unpredictability of financial risks and seek guidelines, where appropriate, to minimize the potential adverse impact of such risks. There has been no change to the company's exposure to these financial risks or the manner in which it manages and measures the risks.

The following sections provide the details regarding the Company's exposure to the financial risks associated with financial instruments held in the ordinary course of business and the objectives policies and processes for the management of these risks.

The Company's principal financial liabilities comprise loans and borrowings, trade, and other payables. The main purpose of these financial liabilities is to finance and support the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents are derived from its operations

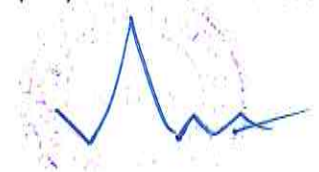
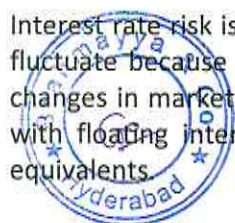
The company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the mitigation of the risks. The Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured, and managed in accordance with the Company's policies and risk objectives. The management / board reviews and agrees policies for managing each of these risks, which are summarized below.

i. Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk interest rate risk and other price risks such as equity risk. Financial instruments affected by market risk include loans and advances deposits investments in debt securities mutual funds and other equity funds.

a. Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates, loans and advances given by the company and Cash and Cash equivalents.



The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. As there are no long-term borrowings, the interest rate risk and the company's policy to manage its interest cost does not arise and interest rate sensitivity analysis is not provided.

b. Foreign Currency Risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Company has transactional currency exposures arising from sales/purchases made that are denominated in a currency other than the functional currency. The foreign currencies in which these transactions are denominated are mainly in US Dollars (\$). The Company's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The following table demonstrates the sensitivity in the USD to the Indian Rupee with all other variables held constant. The impact on the company's profit before tax due to changes in the fair value of monetary assets is given below:

Particulars	Change in Rate	Amount in ₹	
		For the year ended March 31, 2022	For the year ended March 31, 2021
USD	+5.00 %	33,274	507,880
	-5.00 %	(33,274)	(507,880)

c. Other price risk:

Other price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

The company based on working capital requirement keeps its liquid funds in current accounts. The company does not have any significant other price risk.

ii. Credit risk:

Credit risk is the risk of loss that may arise on outstanding financial instruments when a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities cash and short-term deposit) the Company minimise credit risk by dealing exclusively with high credit rating counterparties. The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.



a. Exposure to credit risk:

At the end of the reporting period the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. No other financial assets carry a significant exposure to credit risk.

b. Credit risk concentration profile:

At the end of the reporting period there were no significant concentrations of credit risk. The maximum exposures to credit risk in relation to each class of recognised financial assets is represented by the carrying amount of each financial assets as indicated in the balance sheet.

c. Financial assets that are neither past due nor impaired:

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Company. Cash and short-term deposits investment securities that are neither past due nor impaired are placed with or entered with reputable banks financial institutions or companies with high credit ratings and no history of default.

d. Financial assets that are either past due or impaired:

Trade receivables that are past due or impaired at the end of the reporting period for which lifetime expected credit loss has been provided by the company according to its policy. These are shown in the balance sheet at carrying value less impairment/expected credit loss (information provided in Note No. 10).

iii. Liquidity risk:

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The company ensures that it has sufficient cash on demand to meet expected operational demands including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

				Amount in ₹
Particulars	On demand	< 12 months	1 to 5 years	Total
Year ended 31 March, 2022				
Borrowings – Current	17,921,673			17,921,673
Trade Payables		54,090,170		54,090,170
Other financial liabilities		1,994,844		1,994,844
Year ended 31 March, 2021				
Borrowings – Current	30,132,316			30,132,316
Trade Payables		69,381,767		69,381,767
Other financial liabilities		1,860,667		1,860,667



Excessive Risk Concentration:

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographical region or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations indicate the relative sensitivity of the company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

46. Capital Management:

Capital includes equity attributable to the equity holders of the parent. The primary objective of the capital management is to ensure that it maintain an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder's value.

The company manages its capital structure and make adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is, debt divided by total capital plus debt. The Company's policy is to keep the gearing ratio at an optimal level to ensure that the debt related covenants are complied with.

Amount in ₹

Particulars	As at March 31, 2022	As at March 31, 2021
Total Borrowings #	17,921,673	30,132,316
Net Debt	17,921,673	30,132,316
Equity	19,658,420	19,658,420
Other Equity	151,249,468	118,060,164
Total Equity	170,907,888	137,727,584
Gearing ratio	9.50%	17.95%

Total Borrowings include Long Term borrowings, short term maturities of long-term borrowings and working capital loans like Cash Credit and Buyers Credit.

No changes were made in the objectives, policies, or processes for managing capital during the years ended 31 March 2022 and 31 March 2021.

per our report of even date
for Brahmayya & Co.
Chartered Accountants
Firm's Regn. Number:0005135



(P. CHANDRAMOULI)
Partner
Membership Number:025211

Place: Hyderabad
Date: 06.05.2022

for and on behalf of the Board

R. ✓
R.B.V.S ARUN KUMAR
Managing Director

Abie Abraham

ABIE ABRAHAM
Director





INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GUTS ELECTRO-MECH LIMITED, HYDERABAD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **GUTS ELECTRO-MECH LIMITED** ("the Company"), which comprise the balance sheet as at 31st March 2022, the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity, statement of cash flows for the year then ended, and notes to the 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 financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (Ind AS), of the state of affairs of the Company as at March 31, 2022, and its profit, the total comprehensive income, changes in equity and its cash flows for the year ended on that date.

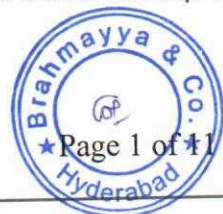
Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 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 financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the company's annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 controls 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 system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

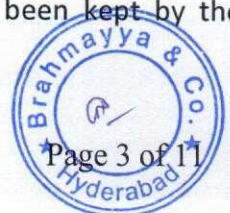
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 sub-section (11) of section 143 of the Companies Act, 2013, 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. 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 Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st 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."
- (g) With respect to the other matters to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended:
- In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its Managing Director during the year is in accordance with the provisions of Section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. a. The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) 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 person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, 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;

- b. The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, 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 provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- c. Based on the audit procedures 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) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. During the year, the company has not declared any dividend.

Place : Hyderabad
Date : May 06, 2022

for BRAHMAYYA & CO;
Chartered Accountants
Firm's Registration Number: 0005135

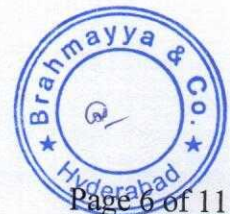

(P. CHANDRAMOULI)
Partner
Membership Number: 025211
UDIN:22025211AIPRWB5670



Annexure -A to the Auditor's Report:

The Annexure referred to in Para 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date, to the members of **GUTS ELECTRO-MECH LIMITED, HYDERABAD**, for the year ended March 31, 2022.

1. a. A. The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
B. The Company is maintaining proper records showing full particulars of Intangible assets.
- b. As explained to us, the management has physically verified some of the Property, Plant and Equipment during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. According to the information and explanations given to us no material discrepancies were 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 all the immovable properties (other than Properties where the company is the lessee, and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- d. The company did not revalue its Property, Plant and Equipment (including right of use assets) or intangible assets during the year. Accordingly, paragraph 3 (i)(d) of the Order is not applicable.
- e. According to the information and explanations given to us and on our verification of records of the Company, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988. (45 of 1988) and rules made thereunder.
2. a. The inventory has been physically verified during the year by the management at reasonable intervals. In our opinion, the coverage and procedures of such verification is appropriate. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
- b. The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets. Accordingly, paragraph 3 (ii)(b) of the Order is not applicable.
3. During the year, the Company has not made investments in, provided any guarantee or security, or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, paragraph 3 (iii) of the Order is not applicable.



4. The Company has not given any loans or made any investments or given any guarantees or security to the parties covered under Sections 185 and 186 of the Act. Accordingly, paragraph 3 (iv) of the Order is not applicable.
5. The Company has not accepted any deposits and also there were no amounts which are deemed to be the deposits. Hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, do not apply to this Company.
6. We have broadly reviewed the cost records maintained by the Company pursuant to sub-section (1) of section 148 of the Companies Act and are of the opinion that prime facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or Complete.

7. a. According to the records, the company is generally regular in depositing undisputed statutory dues including Goods and service tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and all other material statutory dues with the appropriate authorities and there were no arrears of statutory dues as at March 31, 2022 for a period of more than six months from the date they became payable except the following:

Name of the Statute	Nature of the dues	Amount ₹	Period to which the amount relates	Due Date	Date of payment
The Finance Act, 1994	Service Tax	28,420	March 2017	31.03.2017	Not yet paid
	Service Tax	38,377	June 2017	05.07.2017	Not Yet Paid

- b. According to the records of the Company and the information and explanations given to us, there were no statutory dues referred to in subclause (a) have not been deposited on account of any dispute.
8. According to the information and explanations given to us and based on our verification, there were no transactions which are not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961). Accordingly, paragraph 3 (ii)(b) of the Order is not applicable.
9. a. The Company has not defaulted in repayment of loans or in the payment of interest thereon to any lender.
- b. The Company has not been declared wilful defaulter by any bank or financial institution or any other lender.
- c. The Company has not taken any term loan during the year. Accordingly, Paragraph 3(ix)(c) of the Order is not applicable
- d. On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- e. The Company has not taken any funds from any entity or person on account of or to meet the obligations of associates.
- f. The Company has not raised any loans during the year. Accordingly, Paragraph 3(ix)(f) of the Order is not applicable

10. a. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3 (x)(a) of the Order is not applicable.
b. The Company has not made any Preferential allotment or Private placement of shares or convertible debentures during the year. Accordingly, paragraph 3 (x)(b) of the Order is not applicable.
11. a. According to the information and explanations given to us, we report that during the year, the management of the Company discovered a fraud aggregating the extant of ₹ 8,722,555/ on the Company by an employee by way of misappropriation of Bank payments, during the year and in earlier years.
b. No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and up to the date of this report;
c. The Company has not established any Vigil mechanism, as it is not mandated by Section 177((9) of the Act. Accordingly, paragraph 3(xi)(c) of the Order is not applicable
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. a. In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business;
b. We have considered the reports of the Internal Auditors for the period under audit,;
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. a. In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) (a), (b) and (c) of the Order is not applicable.
b. The Group has no Core Investment Company (CIC). Accordingly, paragraph 3(xvi)(c) of the Order is not applicable.
17. The company has not incurred any cash losses in the financial year and also in the immediately preceding financial year.
18. There is no resignation of statutory auditors during the year. Accordingly, paragraph 3(xviii) of the Order is not applicable.

19. 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 financial statements and 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 indicating that 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 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.
20. There were no unspent amounts towards Corporate Social Responsibility. Accordingly, Paragraph 3(xx)(a) and (b) of the Order is not applicable for the year.

Place : Hyderabad
Date : May 6, 2022

for BRAHMAYYA & CO;
Chartered Accountants
Firm's Registration Number: 000513S



(P. CHANDRAMOULI)
Partner
Membership Number: 025211
UDIN:22025211AIPRWB5670

Annexure – B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of GUTS ELECTRO-MECH LIMITED, HYDERABAD ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 was established and maintained and if such controls operated effectively in all material respects.

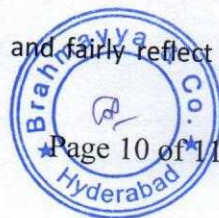
Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding 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 judgment, including the assessment of the risks of material misstatement of the 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.

Meaning of Internal Financial Controls with reference to financial statements:

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;



2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to 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 control 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.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2022, based on the internal control 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.

Place : Hyderabad
Date : May 06, 2022

for BRAHMAYYA & CO;
Chartered Accountants
Firm's Registration Number: 000513S



Membership Number: 025211
UDIN:22025211AIPRWB5670