

**GUTS ELECTRO MECH LIMITED**  
**CIN: U52520TG1987PLC007245**  
**BALANCE SHEET AS AT MARCH 31, 2018**

				Amount in ₹
Particulars	Note No	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, Plant and Equipment	4	69,002,989	77,953,544	73,602,962
(b) Financial Assets				
Other financial assets	5	247,386	247,386	62,838
(c) Deferred Tax Assets	6	14,408,142	21,209,138	17,660,376
(d) Other non-current assets	7	3,185,474	3,232,133	3,299,894
		<u>86,843,991</u>	<u>102,642,201</u>	<u>94,626,070</u>
<b>Current assets</b>				
(a) Inventories	8	75,153,269	51,392,621	69,060,566
(b) Financial Assets				
(i) Trade receivables	9	62,622,846	41,820,073	48,436,916
(ii) Cash and cash equivalents	10	3,451,855	3,056,749	219,938
(iii) Others financial assets	11	1,264,469	1,346,136	1,907,343
(c) Current Tax Assets (Net)		-	13,123	-
(d) Other current assets	12	23,708,511	19,575,879	19,517,521
		<u>166,200,950</u>	<u>117,204,581</u>	<u>139,142,284</u>
<b>Total Assets</b>		<u><b>253,044,941</b></u>	<u><b>219,846,782</b></u>	<u><b>233,768,354</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share capital	13	19,658,420	13,596,360	13,596,360
(b) Other Equity	14	(3,041,776)	(20,864,044)	(25,983,105)
		<u>16,616,644</u>	<u>(7,267,684)</u>	<u>(12,386,745)</u>
<b>Liabilities</b>				
<b>Non - current liabilities</b>				
(a) Financial Liabilities				
Borrowings	15	-	5,635,522	15,279,995
(b) Provisions	16	3,202,077	6,473,121	5,213,731
		<u>3,202,077</u>	<u>12,108,643</u>	<u>20,493,726</u>



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Particulars	Note No	Amount in ₹		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	17	46,886,962	41,879,185	42,438,995
(ii) Trade payables	18	74,603,848	51,070,265	68,769,347
(iii) Other financial liabilities	19	3,472,739	7,774,027	9,510,539
(b) Other current liabilities	20	70,563,804	91,386,457	92,888,926
(c) Provisions	21	34,460,668	22,895,889	11,345,234
(d) Current Tax Liabilities (Net)		3,238,199	-	708,332
		<u>233,226,220</u>	<u>215,005,823</u>	<u>225,661,373</u>
Contingent Liabilities and Commitments	22			
<b>Total equity and liabilities</b>		<b>253,044,941</b>	<b>219,846,782</b>	<b>233,768,354</b>

NOTES TO THE FINANCIAL STATEMENTS

1 - 48

for **BRAHMAYYA & CO.,**  
Chartered Accountants  
Firms' Registration Number: 000513S


  
**P.CHANDRAMOULI**  
Partner

Membership Number: 025211

Place: Kochi  
Date : 04.05.2018

for and on behalf of the Board

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

  
**Dr.GEORGE SREEBA**  
Director



## GUTS ELECTRO MECH LIMITED

CIN: U52520TG1987PLC007245

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Particulars	Note No	Amount in ₹	
		For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from Operations	23	471,057,458	417,513,919
Other Income	24	5,022,312	9,894,165
<b>Total Income</b>		<b>476,079,770</b>	<b>427,408,084</b>
Expenses			
Cost of materials consumed	25	308,200,148	251,120,119
Changes in inventories of Stock-In-Trade	26	(5,022,227)	(5,144,565)
Employee Benefits Expense	27	32,247,058	47,199,897
Finance Costs	28	7,838,131	7,793,093
Depreciation and amortisation expense	29	6,233,788	6,664,061
Other expenses	30	119,508,219	117,844,912
<b>Total expenses</b>		<b>469,005,117</b>	<b>425,477,517</b>
Profit before tax		<b>7,074,653</b>	<b>1,930,567</b>
Tax Expenses:			
a. Current Tax		3,250,000	-
b. Deferred tax liability /(Asset)			
On Temporary Differences		6,679,954	(3,437,439)
<b>Total Tax Expenses</b>		<b>9,929,954</b>	<b>(3,437,439)</b>
Profit for the year		<b>(2,855,301)</b>	<b>5,368,006</b>
Other Comprehensive income	31		
Items that will not be reclassified subsequently to profit or loss		470,067	(360,268)
Income tax relating to above items		(121,042)	111,323
<b>Total Other Comprehensive Income for the Year</b>		<b>349,025</b>	<b>(248,945)</b>
<b>Total Comprehensive Income for the Year</b>		<b>(2,506,276)</b>	<b>5,119,061</b>
Earnings per Equity share- Basic and Diluted (In ₹)	32	(1.67)	3.95
NOTES TO THE FINANCIAL STATEMENTS	1 - 48		

for BRAHMAYYA &amp; CO.,

Chartered Accountants

Firms' Registration Number: 0005135



P.CHANDRAMOULI  
Partner

Membership Number: 025211

Place: Kochi

Date : 04.05.2018

for and on behalf of the Board



R.B.V.S ARUN KUMAR  
Managing Director



Dr.GEORGE SLEEBA  
Director



**GUTS ELECTRO MECH LIMITED**

CIN: U52520TG1987PLC007245

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018**

A. Equity Share Capital		Amount in ₹				
Particulars	At the beginning of the Year	Changes during the Year	At the end of the Year			
i. For the year ended March 31, 2018	13,596,360	6,062,060	19,658,420			
ii. For the year ended March 31, 2017	13,596,360		13,596,360			
iii. For the year ended March 31, 2016	13,596,360	-	13,596,360			
B. Other Equity		Amount in ₹				
Particulars	Capital Contribution by parent company	Surplus in Statement of profit and loss	Securities Premium	Capital Reserve (Industrial Subsidy)	Actuarial Gain/(loss) -OCI-	Total
I. Balance as at April 01, 2016		(30,521,878)	4,159,533	379,240	-	(25,983,105)
Profit for the year		5,368,006	-	-	-	5,368,006
Other Comprehensive income for the year		-	-	-	(248,945)	(248,945)
II. Balance as at March 31, 2017	-	(25,153,872)	4,159,533	379,240	(248,945)	(20,864,044)
Profit for the year		(2,855,301)	-	-	-	(2,855,301)
Changes during the year		-	19,701,695	-	-	19,701,695
Other Comprehensive income for the year		-	-	-	349,025	349,025
Additional Investment by Parent Company	626,849					626,849
III. Balance as at March 31, 2018	626,849	(28,009,173)	23,861,228	379,240	100,080	(3,041,776)

for BRAHMAIYA & CO.,

Chartered Accountants

Firms' Registration Number: 0005135

P. CHANDRAMOULI  
Partner  
Membership Number: 025211

Place: Kochi

Date : 04.05.2018

for and on behalf of the Board



R. B.V.S ARUN KUMAR  
Managing Director

*[Signature]*

Dr. GEORGE SLEEBA  
Director

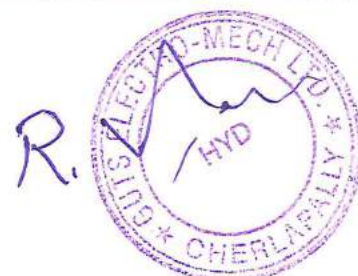


## GUTS ELECTRO MECH LIMITED

CIN: U52520TG1987PLC007245

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

Particulars	Amount in ₹	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>I. Cash flow from operating activities:</b>		
Profit before tax	7,074,653	1,930,567
Add: Other Comprehensive Income before Tax	470,067	(360,268)
<b>Adjustment for non-cash transactions:</b>		
Depreciation and amortization expenses	6,233,788	6,664,061
Amortisation of upfront fee on loans	38,170	48,235
Amortisation of prepaid lease rentals	38,125	38,125
Restoration Expenses	87,255	79,322
Credit Balances Written Back	(1,413,012)	(1,770,771)
Excess Provisions written back	(990,456)	-
Unsecured Loans Written Back	-	(8,118,330)
Advances Written Back	(1,040,000)	-
Advances Written Off	9,972,595	-
Debit Balances Written Off	1,287,329	28,201
Bad debts Written Off	685,712	369,701
Inventory Written Off	-	1,066,870
Property, plant and equipment discarded	5,958,674	-
<b>Provisions made during the year:</b>		
Expected credit loss	(822,709)	2,207,669
Customs Duty and Interest Payable thereon	10,000,000	11,500,000
Warranties	1,835,150	-
	<b>39,415,341</b>	<b>13,683,382</b>
<b>Adjustment for investing and financing activities:</b>		
Interest Income:		
From bank deposits and others	(10,179)	-
Interest paid on borrowings (finance cost)	7,213,032	7,070,529
	<b>7,202,853</b>	<b>7,070,529</b>
<b>Adjustment for changes in working capital:</b>		
Decrease / (increase) in inventories	(23,760,648)	16,601,075
Decrease / (increase) in trade receivables	(21,953,105)	4,011,272
Decrease / (increase) in other current financial assets	81,667	561,207
Decrease / (increase) in other non current financial assets	-	(184,548)
Decrease / (increase) in other current assets	(14,181,522)	(144,718)
Decrease / (increase) in other non-current assets	46,659	67,761
(Decrease) / Increase in trade payables	25,937,051	(15,928,311)
(Decrease) / Increase in other current financial liabilities	(885,060)	(672,955)
(Decrease) / Increase in other current liabilities	(20,822,653)	(1,502,469)
(Decrease) / Increase in long term provisions	(3,358,299)	1,180,068
(Decrease) / Increase in short term provisions	(270,371)	50,655
	<b>(59,166,281)</b>	<b>4,039,037</b>
<b>Cash generated from operations</b>	<b>(12,548,087)</b>	<b>24,792,948</b>
Less: Direct taxes paid (net of refunds)	1,322	(721,455)
<b>Net cash flow from operating activities (I)</b>	<b>(12,546,765)</b>	<b>24,071,493</b>




Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>II. Cash flows from investing activities</b>		
Purchase of fixed assets, including CWIP	(3,241,907)	(11,014,643)
Interest Income received	10,179	-
<b>Net cash flow from/ (used in) investing activities (II)</b>	<b>(3,231,728)</b>	<b>(11,014,643)</b>
<b>III. Cash flows from financing activities</b>		
Proceeds from long term borrowings (net)	(8,025,611)	(2,589,700)
Proceeds from short term borrowings (net)	5,007,777	(559,810)
Interest paid for the year	(6,572,322)	(7,070,529)
Proceeds from Issue of Share Capital at Premium	25,763,755	-
<b>Net cash flow (used in) financing activities (III)</b>	<b>16,173,599</b>	<b>(10,220,039)</b>
<b>IV. Net (decrease)/increase in cash and cash equivalents (I + II + III)</b>	<b>395,106</b>	<b>2,836,811</b>
Cash and cash equivalents at the beginning of the year	3,056,749	219,938
<b>V. Cash and cash equivalents at the end of the year</b>	<b>3,451,855</b>	<b>3,056,749</b>
<b>VI. Components of cash and cash equivalents:</b>		
Cash on hand	62,150	78,703
With banks:		
On Current Account	3,389,705	2,978,046
<b>Total cash and cash equivalents (Note no 10)</b>	<b>3,451,855</b>	<b>3,056,749</b>


per our report of even date  
for **Brahmayya & Co.,**  
**Chartered Accountants**  
F. R. Number: 0005135

  
**P. CHANDRAMOULI**  
Partner  
Membership No.: 025211

Place: Kochi  
Date: 04.05.2018

for and on behalf of the Board

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

  
**Dr. GEORGE SREEBA**  
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. During the year under reference the Company has become a subsidiary of V-Guard Industries Limited. At present the Company is engaged in the business of manufacture of circuit breakers, relays, electronic and electro mechanical items.

These financial statements were approved by the Board of Directors and authorised for Issuance in their meeting held on May 04, 2018.

**2. Basis of Preparation:**

These are the first financial statements prepared complying in all material respects with the notified Accounting Standards by the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) (Amendments) Rules, 2016 and the relevant provisions of the Companies Act, 2013 and in accordance with the generally accepted accounting principles in India.

The Company has consistently applied the accounting policies used in the preparation of opening balance sheet as at April 01, 2016 throughout all periods presented in these financial statements, as if these policies had always been in effect and are covered by Ind AS 101 "First-time adoption of Indian Accounting Standards". The transition was carried out from accounting principles generally accepted in India ("Previous GAAP") as defined in Ind AS 101. The reconciliation of effects of the transition as required by Ind AS 101 is disclosed in Note no 48 to these financial statements.

The financial statements have been prepared on historical cost basis, except for 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.

**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:**

The key assumptions concerning the future and other key sources of estimation of uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The assumptions and estimates made by the company are based on parameters available/prevaling when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.





**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 Receivables and Other Receivables:**

Trade 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 different class of its debtors as follows:

Particulars	Up to 180 Days	180 -365 Days	365- 730 Days	730-1095 Days	1095-1460 Days	Beyond 1460 Days
Expected loss Rate (%)	0.00	50.00	75.00	100.00	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.

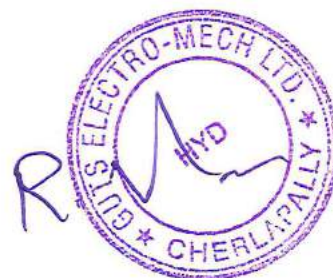
A liability is classified as current when it satisfies any of the following criteria:

- 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





**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 April 1, 2016, 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:****a. 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.

**b. 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.

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

Lease payment in case of operating leases are charged to profit and loss statement on Straight Line Basis over the lease term. In case the escalation in operating lease payments are 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.

**b. 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 is measured at the fair value of consideration received or receivable and is recognized to the extent that it is probable that the economic benefits will flow to the Company.

Specifically, the following basis is adopted for various sources of income:

- 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 sales returns and discounts.
- ii. **Interest:** Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**h) Government Grants and Subsidies:**

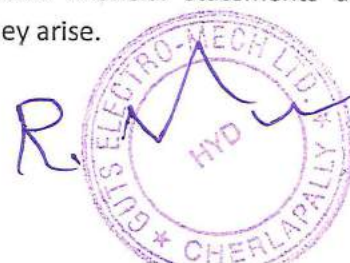
Government grants and subsidies are recognised where there is reasonable assurance that the grant/subsidy will be received, and all attached conditions will be complied with.

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 the fund.
- 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, re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in the retained earnings in the statement of changes in equity and in the balance sheet.
- 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.

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.

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 pertaining to prior periods 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) 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 market place (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.

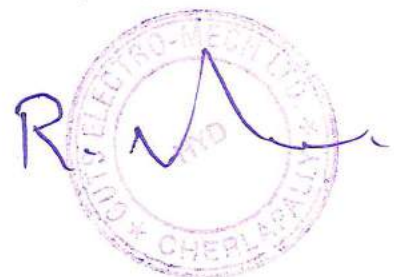
**c. Equity instruments at fair value through profit and loss (FVTPL):**

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:**

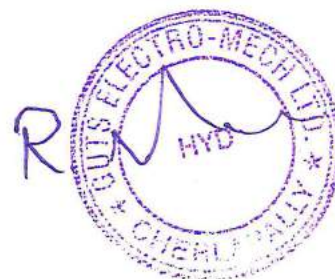
**a. Initial recognition and measurement:**

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 doesn't 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.

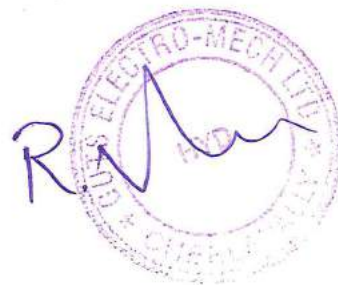




All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.



FOR THE YEAR ENDED MARCH 31, 2018

* Include the following (Gross Value)	Given on Lease	with Job Workers
Plant and Equipment	5,039,085	10,391,876
Office Equipment	79,065	-
Tools and Equipments	554,000	298,319
Data Processing equipment	132,764	-
<b>TOTAL</b>	<b>5,804,914</b>	<b>10,690,195</b>

FOR THE YEAR ENDED MARCH 31, 2017

Sl. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		Amount in ₹	
		As at 01.04.2016	Additions	Deletions	As at 31.03.2017	Up to 31.03.2016	for the year	on Deletions	Up to 31.03.2017		As at 31.03.2017
01	Land	335,175	-	-	335,175	-	-	-	-	335,175	335,175
02	Buildings	17,713,191	-	-	17,713,191	3,229,204	710,622	-	3,939,826	13,773,365	14,483,987
03	Plant and Equipment	61,437,238	9,715,928	-	71,153,166	13,953,804	4,133,131	-	18,086,935	53,066,231	47,483,434
04	Electrical Fittings	584,486	-	-	584,486	285,208	34,106	-	319,314	265,172	299,278
05	Office Equipments	2,496,166	-	-	2,496,166	1,146,177	403,176	-	1,549,353	946,813	1,349,989
06	Tools and Equipments	11,440,946	-	-	11,440,946	2,984,055	939,967	-	3,924,022	7,516,924	8,456,891
07	Data Processing equipment	1,288,057	70,110	-	1,358,167	869,655	242,735	-	1,112,390	245,777	418,402
08	Furniture and fixtures	776,771	21,160	-	797,931	428,659	42,182	-	470,841	327,090	348,112
09	Vehicles	694,232	1,207,445	-	1,901,677	266,538	158,142	-	424,680	1,476,997	427,694
	Grand Total	96,766,262	11,014,643	-	107,780,905	23,163,300	6,664,061	-	26,827,361	77,953,544	73,602,962



FOR THE YEAR ENDED MARCH 31, 2016

Sl. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		Amount in ₹
		As at 01.04.2015	Additions	Deletions	As at 31.03.2016	Up to 31.03.2015	for the year for the year	Up to 31.03.2016	As at 31.03.2016	As at 01.04.2015
01	Land	335,175	-	-	335,175	-	-	-	335,175	335,175
02	Buildings	15,284,720	2,428,471	-	17,713,191	2,867,422	361,782	3,229,204	14,483,987	12,417,298
03	Plant and Equipment	59,821,370	1,615,868	-	61,437,238	10,251,865	3,701,939	13,953,804	47,483,434	49,569,505
04	Electrical Fittings	562,466	22,020	-	584,486	251,769	33,439	285,208	299,278	310,697
05	Office Equipments	1,758,675	737,491	-	2,496,166	685,926	460,251	1,146,177	1,349,989	1,072,749
06	Tools and Equipments	6,331,764	5,109,182	-	11,440,946	2,219,465	764,590	2,984,055	8,456,891	4,112,299
07	Data Processing equipment	1,053,262	234,795	-	1,288,057	611,899	257,756	869,655	418,402	441,363
08	Furniture and fixtures	747,365	29,406	-	776,771	379,588	49,071	428,659	348,112	367,777
09	Vehicles	1,888,551	-	1,194,319	694,232	1,238,427	133,063	266,538	427,694	650,124
	Grand Total	87,783,348	10,177,233	1,194,319	96,766,262	18,506,361	5,761,891	23,163,300	73,602,962	69,276,987



## GUTS ELECTRO MECH LIMITED

CIN: U52520TG1987PLC007245

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹

Note No	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>5</b>	<b>Other Non Current Financial Assets:</b>			
	Security Deposits	247,386	247,386	62,838
	<b>Total</b>	<b>247,386</b>	<b>247,386</b>	<b>62,838</b>
<b>6</b>	<b>Deferred Taxes:</b>			
	<i>Net deferred tax recognised in Balance Sheet</i>			
	Fair value of financial assets/liabilities	3,496,427	4,461,309	3,764,236
	Accelerated depreciation	(3,639,306)	(5,416,044)	(4,563,069)
	Other disallowances	11,373,684	10,338,191	6,012,680
	Carry forward Losses	3,177,337	11,825,682	12,446,529
	<b>Total</b>	<b>14,408,142</b>	<b>21,209,138</b>	<b>17,660,376</b>
	<i>Movement in Deferred Taxes</i>			
	Deferred tax asset/(liability) - Profit and loss	(6,679,954)	3,437,439	17,660,376
	Deferred tax asset/(liability) - OCI	(121,042)	111,323	-
	<b>Total</b>	<b>(6,800,996)</b>	<b>3,548,762</b>	<b>17,660,376</b>
<b>7</b>	<b>Other Non Current Assets:</b>			
	Prepaid Lease Rentals	3,185,474	3,223,599	3,261,724
	Unamortised Upfront Fee on Loans	-	8,534	38,170
	<b>Total</b>	<b>3,185,474</b>	<b>3,232,133</b>	<b>3,299,894</b>
<b>8</b>	<b>Inventories:</b>			
	Raw Materials at cost *	45,566,768	26,852,499	49,665,009
	Raw Materials in Transit at cost	24,152	-	-
	Work in Progress at cost**	24,425,270	21,868,219	15,671,126
	Finished Goods at cost	3,899,902	2,671,903	3,724,431
	Stock of Scrap at Realisable Value***	1,237,177	-	-
	<b>Total</b>	<b>75,153,269</b>	<b>51,392,621</b>	<b>69,060,566</b>
	* includes with Job Workers	4,284,132		
	** includes with Job Workers	6,503,223		
	***includes with Job Workers	206,135		
<b>9</b>	<b>Trade Receivables:</b>			
	<i>Unsecured, Considered Good</i>			
	Related Parties	14,697,363	-	-
	Others	52,762,768	50,975,341	59,813,872
	Less: Provision for Expected Credit Loss on above	(4,837,285)	(9,155,268)	(11,376,956)
	<i>Unsecured, Considered doubtful</i>	8,816,073	5,320,798	891,441
	Less: Provision for Expected Credit Loss on above	(8,816,073)	(5,320,798)	(891,441)
	<b>Total</b>	<b>62,622,846</b>	<b>41,820,073</b>	<b>48,436,916</b>





## GUTS ELECTRO MECH LIMITED

CIN: U52520TG1987PLC007245

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹

Note No	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>10</b>	<b>Cash and cash equivalents:</b>			
	Balances with banks			
	Current Accounts	3,389,705	2,978,046	111,229
	Cash on Hand	62,150	78,703	108,709
	<b>Total</b>	<b>3,451,855</b>	<b>3,056,749</b>	<b>219,938</b>
<b>11</b>	<b>Other financial assets - Current:</b>			
	Staff Advances	33,728	165,000	1,404,207
	Security Deposits	1,000	72,000	49,000
	Other Receivables	1,229,741	1,109,136	454,136
	<b>Total</b>	<b>1,264,469</b>	<b>1,346,136</b>	<b>1,907,343</b>
<b>12</b>	<b>Other Current Assets:</b>			
	Advance for Purchases and Expenses	11,035,127	18,985,276	18,794,507
	Balance with Statutory Authorities	12,334,400	522,841	636,654
	Prepaid Expenses	300,859	-	-
	Unamortised Upfront Fee on Loans	-	29,637	48,235
	Prepaid Lease Rentals	38,125	38,125	38,125
	<b>Total</b>	<b>23,708,511</b>	<b>19,575,879</b>	<b>19,517,521</b>
<b>14</b>	<b>Other Equity:</b>			
	Additional Investment from the Parent Company	626,849	-	-
	Capital Reserve (Industrial Subsidy)			
	At the beginning and at end of the Year	379,240	379,240	379,240
	Securities Premium			
	At the beginning of the Year	4,159,533	4,159,533	4,159,533
	Addition During the Year	19,701,695	-	-
	At the end of the Year	23,861,228	4,159,533	4,159,533
	Surplus in Statement of Profit and Loss			
	At the beginning of the Year	(25,153,872)	(30,521,878)	(17,503,977)
	Adjustment due to adoption of IndAS	-	-	(14,944,861)
	Profit for the year	(2,855,301)	5,368,006	1,926,960
	At the end of the Year	(28,009,173)	(25,153,872)	(30,521,878)
	Other Comprehensive Income			
	On actuarial Gain/(loss) on post employment benefits			
	At the beginning of the Year	(248,945)	-	-
	Profit transferred from the statement of Profit and loss	349,025	(248,945)	-
	At the end of the Year	100,080	(248,945)	-
	<b>Total</b>	<b>(3,041,776)</b>	<b>(20,864,044)</b>	<b>(25,983,105)</b>



## GUTS ELECTRO MECH LIMITED

CIN: U52520TG1987PLC007245

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹

Note No.	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>13</b>	<b>Equity Share Capital:</b>			
A.	<i>Authorised Share Capital:</i>			
	2,000,000 Equity Shares of ₹ 10/- each	20,000,000	20,000,000	20,000,000
		<b>20,000,000</b>	<b>20,000,000</b>	<b>20,000,000</b>
B.	<i>Issued, Subscribed and Fully Paid up share capital:</i>			
	1,359,636 Equity Shares of ₹ 10/- each	-	13,596,360	13,596,360
	1,965,842 Equity Shares of ₹ 10/- each	19,658,420	-	-
	<b>Total</b>	<b>19,658,420</b>	<b>13,596,360</b>	<b>13,596,360</b>
C.	<i>Reconciliation of the shares outstanding at the beginning and at the end of year:</i>			
	In no. of Shares			
	At the Beginning of the Year	1,359,636	1,359,636	1,359,636
	Add: Issued During the Year	606,206	-	-
	At the end of the Year	1,965,842	1,359,636	1,359,636
	In value of Shares			
	At the Beginning of the Year	13,596,360	13,596,360	13,596,360
	Add: Issued During the Year	6,062,060	-	-
	At the end of the Year	19,658,420	13,596,360	13,596,360
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	1,454,223		
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	664,724	664,724
	- In percentage	26.00	48.88	48.88
b.	Kolachala Krishna -in numbers	-	672,047	672,047
	- In percentage	-	49.43	49.43
c.	V-Guard Industries Limited -in numbers	1,454,223	-	-
	- In percentage	73.97	-	-





## GUTS ELECTRO MECH LIMITED

CIN: U52520TG1987PLC007245

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note No	Particulars	Amount in ₹		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>15</b>	<b>Borrowings - Non Current:</b>			
	Secured Term loans:			
	Loan from SBH (refer Note : 33)	-	7,052,156	10,440,411
	Less: Current Maturities	-	3,322,326	4,457,051
		-	3,729,830	5,983,360
	Un Secured loans: (refer Note : 33)			
	From Financial Institutions and Others	1,003,405	1,976,860	9,296,635
	Less: Current Maturities	1,003,405	71,168	-
		-	1,905,692	9,296,635
	<b>Total</b>	<b>-</b>	<b>5,635,522</b>	<b>15,279,995</b>
<b>16</b>	<b>Provisions - Non Current:</b>			
	Provision for employee benefits			
	Provision for compensated absences	300,609	-	-
	Provision for Gratuity (refer Note:35)	1,941,667	5,600,575	4,420,507
	Other Provisions			
	De-commissioning liability	959,801	872,546	793,224
	<b>Total</b>	<b>3,202,077</b>	<b>6,473,121</b>	<b>5,213,731</b>
<b>17</b>	<b>Borrowings - Current:</b>			
	(Secured from Banks)			
	Loans repayable on demand			
	from SBH - Cash Credit (refer Note:33)	-	41,879,185	42,438,995
	from ICICI Bank Limited - Cash Credit (refer Note:33)	46,886,962	-	-
	<b>Total</b>	<b>46,886,962</b>	<b>41,879,185</b>	<b>42,438,995</b>
<b>18</b>	<b>Trade Payables - Current: (refer Note:34)</b>			
	For Supplies and Services			
	Related Parties	2,397,633	-	-
	Others	72,206,215	51,070,265	68,769,347
	<b>Total</b>	<b>74,603,848</b>	<b>51,070,265</b>	<b>68,769,347</b>
<b>19</b>	<b>Other financial liabilities - Current:</b>			
	Salaries and Wages payable			
	Others	1,542,630	4,095,289	4,523,619
	Related Parties	211,535	113,244	414,269
	Current maturities of long term borrowings	1,003,405	3,393,494	4,457,051
	Interest Accrued But not Due	13,861	-	-
	Other liabilities:			
	Dues to others	683,308	172,000	115,600
	Due to Related Parties	18,000	-	-
	<b>Total</b>	<b>3,472,739</b>	<b>7,774,027</b>	<b>9,510,539</b>



## GUTS ELECTRO MECH LIMITED

CIN: U52520TG1987PLC007245

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note No	Particulars	Amount in ₹		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>20</b>	<b>Other current liabilities:</b>			
	Advance from Customers			
	from related parties	56,893,245	-	-
	from others	3,345,138	85,772,971	88,360,890
	Statutory Liabilities			
	Service Tax Payable	702,144	482,537	404,814
	Sales Tax/GST payable	8,956,975	674,682	1,899,155
	Withholding Taxes Payable	414,547	525,394	817,669
	Excise Duty Payable	-	2,173,139	1,052,627
	Other Statutory Dues	251,755	1,757,734	353,771
	<b>Total</b>	<b>70,563,804</b>	<b>91,386,457</b>	<b>92,888,926</b>
<b>21</b>	<b>Provisions - Current:</b>			
	Provision for employee benefits			
	Provision for Compensated absences	97,303	-	-
	Provision for Gratuity (refer Note:35)	535,215	902,889	852,234
	Other provisions			
	Provision for Customs Duty and interest Payable	21,500,000	11,500,000	-
	Provision for sales Tax	10,493,000	10,493,000	10,493,000
	Provision for Warranties	1,835,150	-	-
	<b>Total</b>	<b>34,460,668</b>	<b>22,895,889</b>	<b>11,345,234</b>
<b>22</b>	<b>Commitments and Contingent Liabilities:</b>			
	Contingent liabilities	NIL	NIL	NIL
	Commitments	NIL	NIL	NIL





## GUTS ELECTRO MECH LIMITED

CIN: U52520TG1987PLC007245

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note No	Particulars	Amount in ₹	
		For the year ended March 31, 2018	For the year ended March 31, 2017
<b>23</b>	<b>Revenue from Operations:</b>		
	<i>Sale of Products</i>		
	Finished Goods	450,773,268	417,720,025
	Less: Discount on Sales	-	(1,345,665)
	<i>Other Operating Income</i>		
	Packing and Insurance Charges recovered	555,553	27,267
	Job Work Charges	-	72,792
	Sale of Scrap	19,728,637	1,039,500
	<b>Total</b>	<b>471,057,458</b>	<b>417,513,919</b>
<b>24</b>	<b>Other Income:</b>		
	Interest Income Others	10,179	-
	<i>Other Non-operating Income (Net of Expenses)</i>		
	Equipment hire charges	130,000	
	Excess Provisions Written Back	990,456	
	Expected Credit loss on trade receivables written back	822,709	
	Credit Balances no longer payable Written Back	1,413,012	1,770,771
	Advances no longer payable Written Back	1,040,000	
	Unsecured Loans Written Back	-	8,118,330
	Difference in Net Block of Fixed Assets	-	5,064
	Foreign Exchange Gain	602,537	-
	Miscellaneous Receipts	13,419	-
	<b>Total</b>	<b>5,022,312</b>	<b>9,894,165</b>
<b>25</b>	<b>Cost of Material Consumed:</b>		
	Inventory at the beginning of the year	26,852,499	49,665,009
	Add : Purchases	326,914,417	229,374,479
		353,766,916	279,039,488
	Less: Inventory written off	-	1,066,870
	Less: Inventory at the end of the year	45,566,768	26,852,499
	<b>Total</b>	<b>308,200,148</b>	<b>251,120,119</b>
<b>26</b>	<b>Changes in inventories of Stock-in-Trade:</b>		
	Inventory at the beginning of the Year		
	Finished Goods	2,671,903	3,724,431
	Work in Progress	21,868,219	15,671,126
		24,540,122	19,395,557
	Inventory at the end of the Year		
	Finished Goods	3,899,902	2,671,903
	Work in Progress	24,425,270	21,868,219
	Scrap	1,237,177	-
		29,562,349	24,540,122
	<b>Total</b>	<b>(5,022,227)</b>	<b>(5,144,565)</b>
<b>27</b>	<b>Employee Benefits Expense:</b>		
	Salaries, Wages and Bonus	28,597,053	39,868,281
	Contribution to Provident and Other Funds	2,070,892	4,512,915
	Staff Welfare Expenses	798,341	1,428,354
	Gratuity	780,772	1,390,347
	<b>Total</b>	<b>32,247,058</b>	<b>47,199,897</b>



## GUTS ELECTRO MECH LIMITED

CIN: U52520TG1987PLC007245

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Amount in ₹

Note No	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>28</b>	<b>Finance Costs</b>		
	Interest on borrowings	6,410,016	6,891,671
	Other borrowing Costs	176,167	178,858
	Bank Charges and Commission	499,674	595,007
	Guarantee Commission	626,849	-
	Interest cost on de-commissioning liability	87,255	79,322
	Amortisation of Upfront Fee	38,170	48,235
	<b>Total</b>	<b>7,838,131</b>	<b>7,793,093</b>
<b>29</b>	<b>Depreciation and amortisation expense:</b>		
	Depreciation on Property ,Plant and Equipment	6,233,788	6,664,061
	<b>Total</b>	<b>6,233,788</b>	<b>6,664,061</b>
<b>30</b>	<b>Other expenses:</b>		
	Power and Fuel	2,055,376	2,580,726
	Job work Charges	58,313,469	26,566,170
	Stores Consumption	968,367	3,210,475
	<i>Rental expenditure</i>		
	Rents accrued	104,790	508,320
	Amorisation of Prepaid Lease Rentals	38,125	38,125
	<i>Repairs and maintenance</i>		
	Machinery	1,108,389	1,598,669
	Other Assets	288,734	346,336
	<i>Payments to Auditors</i>		
	as auditors	125,000	118,000
	<i>Provisions for:</i>		
	Expected Credit loss on trade receivables	-	2,207,669
	Warranties	1,835,150	-
	Customs Duty and Interest payable thereon	10,000,000	11,500,000
	<i>Written off of:</i>		
	Advances	9,972,595	
	Debit Balances	1,287,329	28,201
	Bad debts	685,712	369,701
	Inventory	-	1,066,870
	Propert ,Plant and Equipment	5,958,674	-
	Rates and Taxes	15,961,440	57,077,168
	<i>Marketing</i>		
	Advertisement and Sales Promotion	-	941,778
	<i>Others</i>		
	Freight and Transportation	4,332,976	3,478,627
	Insurance	94,143	314,637
	Travelling and Conveyance	466,543	870,697
	Legal and professional charges	2,021,230	110,600
	Loss on Foreign Exchange Fluctuations (Net)	-	1,562,356
	Miscellaneous expenses	3,890,177	3,349,787
	<b>Total</b>	<b>119,508,219</b>	<b>117,844,912</b>
<b>31</b>	<b>Other comprehensive income:</b>		
	Acturial Gain/(Losses) on Gratuity Expense for the Year	470,067	(360,268)
	Deferred Taxes on above	(121,042)	111,323
	<b>Total</b>	<b>349,025</b>	<b>(248,945)</b>
<b>32</b>	<b>Earnings Per Equity Share:</b>		
	Profit for the Year attributable to equity share holders in INR	(2,855,301)	5,368,006
	Weighted average number of equity shares of ₹ 10/-each	1,713,395	1,359,636
	<b>Earnings per equity share (Basic and Diluted) = (a/b)</b>	<b>(1.67)</b>	<b>3.95</b>





**33. Secured loans from Banks:****FROM STATE BANK OF HYDERABAD:**

Cash Credit amounting to ₹ 4.00 crores and Term Loan amounting to ₹ 1.57 crores is secured by:

**Primary Security:**

Hypothecation of Stocks and Book Debts, all the existing Machinery at Hyderabad and Haridwar Units and all new Machinery Proposed to be purchased out of SBH Bank Finance.

**Collateral Security:**

Equitable Mortgage of existing Factory Land (Area 2,816 Sq. Yds) and Building (Two Floors with 3894 Sq. ft and Generator Shed with 581 Sq. ft) at 163/C and 164/E, IDA, Phase - II, Cherlapally and of Factory Leased Land acquired from Govt of Uttarakhand at Plot No - 2, Sector 3A, IIE, SIDCUL, Haridwar and Building constructed there on.

**Interest and Repayment Terms:**

- Cash Credit carries interest @ SBH BR+2.00% per annum and is repayable on demand.
- Term Loan carries interest @ SBH BR+2.25% per annum with monthly resting and repayable in 16 Quarterly installments commencing from April 2015. The last instalment will be due in January 2019.
- The present SBH BR is 12%

**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 @ MCLR+0.70% 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 MCLR is 8%

**Un-Secured loan from a Financial Institution:**

- The company obtained a Term Loan from Fullerton India Credit Company Limited amounting to ₹ 2,048,028/- which carries interest rate @ 18.50% and repayable in 24 equated monthly instalments of ₹ 102,742/- (including interest). However, the said loan is guaranteed by the Managing Director in his personal capacity.

- 34. Disclosure of Trade Payables under current liabilities 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. There are no amounts due to them as at the end of the year and there is no interest paid/payable during the year by the Company in terms of section 16 of the said Act.**



## 35. Movements in Provisions:

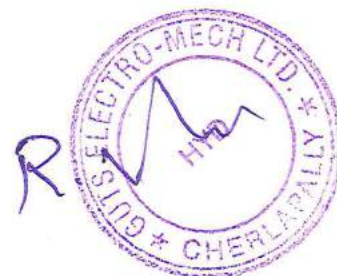
Amount in ₹

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Gratuity: (Refer Note: 36 also)</b>		
At the beginning of the year	6,503,464	5,272,741
Charge for the year	310,705	1,750,615
Released during the year	(4,337,287)	(519,892)
<b>At the end of the year</b>	<b>2,476,882</b>	<b>6,503,464</b>
<b>Compensated Absences:</b>		
At the beginning of the year	--	--
Charge for the year	929,388	--
Released during the year	(531,476)	--
<b>At the end of the year</b>	<b>397,912</b>	<b>--</b>
<b>Warranties:</b>		
At the beginning of the year	--	--
Charge for the year	1,835,150	--
Released during the year	--	--
<b>At the end of the year</b>	<b>1,835,150</b>	<b>--</b>

## 36. Retirement and other Benefit Obligations:

Amount in ₹

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A. Defined Contribution Plan (Expenses)</b>		
Contribution to Provident Fund	1,367,894	1,768,641
Contribution to Employee State Insurance	630,961	895,149
<b>B. Post – employment Defined Benefit Plan (Gratuity)</b>		
		Amount in ₹
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>1. Movement in Obligation</b>		
Present Value of Obligation at the beginning of year	6,503,464	5,272,741
Current Service Cost	433,986	984,599
Interest Cost	346,786	405,748
Benefits Paid	(4,337,287)	(519,892)
Actuarial (Gain)/Loss on Obligation	(470,067)	360,268
<b>Present Value of Obligation at the end of year</b>	<b>2,476,882</b>	<b>6,503,464</b>





3.	<b>Expenses recognised in Profit and Loss Statement:</b>			
	Current Service Cost		433,986	984,599
	Net Interest Cost		346,786	405,748
	Expense for the year		<b>780,772</b>	<b>1,390,347</b>
4.	<b>Recognised in Other Comprehensive Income:</b>		<b>For the year ended March 31, 2018</b>	<b>For the year ended March 31, 2017</b>
	Actuarial (Gain) /loss for the year		(470,067)	360,268
	<b>Total Expenditure recognised</b>		<b>(470,067)</b>	<b>360,268</b>
<b>5. Actuarial Assumptions for estimating Company's Defined Benefit Obligation:</b>				
a.	Attrition Rate	PS: 0 to 40: 10 %		PS: 0 to 40: 10 %
b.	Discount Rate	8.00%		8.00%
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 (2006-08) Ult.		IALM (2006-08) Ult.
f.	Expected Average remaining working lives of employees (years)	26.59		25.76

6.	<b>Sensitivity Analysis</b>		<b>Amount in ₹</b>	
	<b>Sensitivity</b>	<b>Change</b>	<b>Effect on obligations</b>	
	Discount Rate	+1%	2,314,356	6,080,284
		-1%	2,665,507	6,990,571
	Salary Escalation Rate	+1%	2,676,416	7,019,616
		-1%	2,301,503	6,045,602

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.

7.	<b>Expected Payout - Gratuity</b>		
	Expected payments – 1st Year	535,215	1020995
	Expected payments – 2nd Year	176,974	728667
	Expected payments – 3rd Year	190,029	568431
	Expected payments – 4th Year	336,845	633525
	Expected payments – 5th Year	178,248	614426
	Expected payments – 6th year to 10th Year	873,956	2816210

**8. 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, 2018	As at March 31, 2017
<b><u>Gratuity: -</u></b>		
a. Current Portion	535,215	1,020,996
b. Non-current portion	1,941,666	5,482,468
<b><u>Compensated Absences: -</u></b>		
a. Current Portion	97,303	--
b. Non-current portion	300,609	--

- 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.

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

Amount in ₹

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
<b><u>Income Tax Expense: -</u></b>			
a.	Current Tax	3,150,000	--
b.	Deferred Tax (arising on temporary differences)	6,800,996	(3,548,762)
<b>Total Tax Expense for the year</b>		<b>9,950,996</b>	<b>(3,548,762)</b>

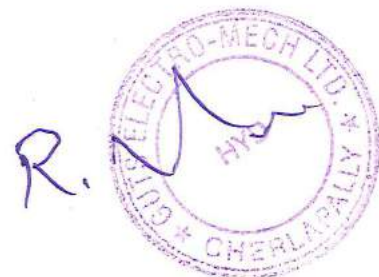




Particulars	Amount in ₹	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Effective Tax Reconciliation: -</b>		
a. Net Profit/(Loss) before taxes	7,544,720	(24,739,521) *
b. Tax rate applicable to the company as per normal provisions	27.55%	30.90%
c. Tax expense on net profit (c = a*b)	<b>2,078,759</b>	<b>(7,644,512)</b>
d. Increase/(decrease) in tax expenses on account of:		
i. Accelerated Depreciation	(706,511)	(862,200)
ii. Expenses not allowed under income tax	2,192,455	9,450,455
iii. Expenses that are allowed under payment basis	2,950,492	37,754
iv. Other allowances	(226,677)	--
v. Adjustment of brought forward losses	(3,399,751)	(981,497)
vi. Other adjustments	361,233	--
Total increase/(decrease) in tax expenses (d)	<b>1,171,241</b>	<b>7,644,512</b>
e. Tax as per normal provision under Income tax (c + d)	<b>3,250,000</b>	<b>NIL</b>

\*Profit before Tax is considered as per previous GAAP which is appropriate for tax computation for that year.

<b>Deferred Taxes: -</b>	<b>For the year ended March 31, 2018</b>	<b>For the year ended March 31, 2017</b>
<b>As on the reporting date:</b>		
a. On OCI Component		
-Actuarial Gain/(Losses) on Defined Benefit Plans	(121,042)	111,323
b. Other than OCI component		
-Difference in WDV of fixed assets	(3,639,306)	(5,416,044)
-Fair Value of Financial Assets/liabilities	3,496,427	4,461,309
-Other disallowances	11,494,726	10,226,868
-Brought Forward Losses	3,177,337	11,825,682
c. Total for the year	<b>14,408,142</b>	<b>21,209,138</b>
<b>Expense/(Income) Recognised for the year ended:</b>		
a. Deferred tax liability/(asset) recognised in statement of profit and loss:	6,679,954	(3,437,439)
b. Deferred tax recognised in Other Comprehensive Income	121,042	(111,323)
c. Deferred tax recognised in Total Comprehensive Income	<b>6,800,996</b>	<b>(3548,762)</b>



## 38. Fair Value of financial instruments:

Particulars	Amount in ₹		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>Financial Assets: -</b>			
<b>At Amortised Cost</b>			
Security Deposits	248,386	319,386	111,838
Employee Staff Advance	33,728	165,000	1,404,207
<b>Carrying Value</b>			
Security Deposits	248,386	319,386	111,838
Employee Staff Advance	33,728	165,000	1,404,207
<b>Financial Liabilities: -</b>			
<b>At Amortised Cost</b>			
Term Loans from Banks	--	7,013,985	10,354,006
<b>Carrying Value</b>			
Term Loans from banks	--	7,052,156	10,440,411

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.





## 39. 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, 2018:

			Amount in ₹
Particulars	Total	Fair Value measurement using	
		Quoted prices in active markets	Significant observable inputs
Financial Assets measured at Amortised Cost:			
Security Deposits	248,386	--	248,386
Employee Staff Advance	33,728	--	33,728

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2017:

Amount in ₹			
Particulars	Total	Fair Value measurement using	
		Quoted prices in active markets	Significant observable inputs
Financial Assets measured at Amortised Cost:			
Security Deposits	319,386	--	319,386
Employee Staff Advance	165,000	--	165,000
Financial Liability measured at Amortised Cost:			
Term Loans	7,013,985	--	7,013,985

Quantitative disclosures fair value measurement hierarchy for assets as at April 01, 2016:

Amount in ₹			
Particulars	Total	Fair Value measurement using	
		Quoted prices in active markets	Significant observable inputs
Financial Assets measured at Amortised Cost:			
Security Deposits	111,838		111,838
Employee Staff Advance	1,404,207		1,404,207
Financial Liability measured at Amortised Cost:			
Term Loans	10,354,006		10,354,006



**40. 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 Electro Mechanical Items". Hence segment information is not applicable.

**Entity Wide Disclosures:**

Amount in ₹

Revenue from external customers	For the year ended March 31, 2018	For the year ended March 31, 2017
India	366,618,299	311,773,040
Outside India	90,811,993	105,946,985
<b>Total</b>	<b>457,430,292</b>	<b>417,720,025</b>
Revenue from one customer amounts to	307,344,953	217,976,077

Non-Current Operating Assets	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
India	72,188,463	81,185,677	76,902,856
Outside India	--	--	--
<b>Total</b>	<b>72,188,463</b>	<b>81,185,677</b>	<b>76,902,856</b>

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

**41. 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  
: Mrs. R. Vidya Arun : Director (up to 31.08.2017)  
: Mr. A. Jacob Kuruvilla : Additional Director (from 17.08.2017)  
: Dr. George Sreeba : Additional Director (from 17.08.2017)
- ii) Parent Company : M/s. V-Guard Industries Limited (from 31.08.2017)
- iii) Other Related Parties : M/s. Sri Vidyahitha (Proprietary Concern of wife of the Managing Director)

**Transactions with Related Parties:**

Amount in ₹

Particulars	31.03.2018	31.03.2017	31.03.2016
<b>i) Key Management Personnel</b>			
<b>Mr. RBVS Arun Kumar</b>			
Remuneration	2,669,039	1,429,080	1,429,080
<b>Mrs. R. Vidya Arun</b>			
Remuneration	525,508	910,000	910,000
<b>Mr. A Jacob Kuruvilla</b>			
Sitting Fee	40,000	--	--
<b>Dr. George Sreeba</b>			
Sitting Fee	40,000	--	--





## ii) Parent Company

## M/s. V-Guard Industries Limited

Shares Issued	25,763,755	--	--
Sale of Goods	192,315,536	--	--
Advances received (net)	56,893,245		
Corporate Guarantee availed	80,000,000		
Guarantee Commission Paid	626,849		

## iii) Other Related Parties

## M/s. Sri Vidyahitha

Equipment Lease earned	130,000	--	--
Services Availed (Job work)	27,211,829	--	--

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

1. Mr. RBVS Arun Kumar	(211,535)	(62,744)	(218,269)
2. Mrs. R. Vidya Arun	--	(50,500)	(196,000)
3. Mr. A. Jacob Kuruvilla	(9,000)	--	--
4. Dr. George Sreeba	(9,000)	--	--
5. M/s. V-Guard Industries Limited	(42,195,882)	--	--
6. M/s. Sri Vidyahitha	(2,397,633)	--	--

## 42. 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 markets and seek to where appropriate minimize potential and guidelines and 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 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, advances and deposits. .



**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.

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period for actual outstanding balances as at year end:

Amount in ₹			
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Rupee term loans	--	7,052,156	10,440,411

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Amount in ₹		
	Movement in basis points	Impact on profit before tax
<b>31 March, 2018</b>		
INR	+50	21,752
INR	-50	(21,752)
<b>31 March, 2017</b>		
INR	+50	25,679
INR	-50	(25,679)

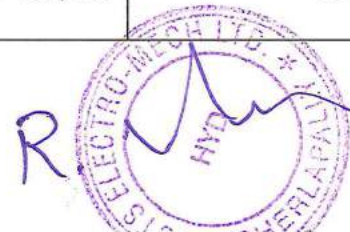
**b. Foreign Currency Risk:**

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:

Amount in ₹			
Particulars	Change in Rate	For the year ended March 31, 2018	For the year ended March 31, 2017
USD	+5.00 %	(400,655)	(430,742)
	-5.00 %	400,655	430,742





## ii) Parent Company

## M/s. V-Guard Industries Limited

Shares Issued	25,763,755	--	--
Sale of Goods	192,315,536	--	--
Advances received (net)	56,893,245		
Corporate Guarantee availed	80,000,000		
Guarantee Commission Paid	626,849		

## iii) Other Related Parties

## M/s. Sri Vidyahitha

Equipment Lease earned	130,000	--	--
Services Availed (Job work)	27,211,829	--	--

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1. Mr. RBVS Arun Kumar	(211,535)	(62,744)	(218,269)
2. Mrs. R. Vidya Arun	--	(50,500)	(196,000)
3. Mr. A. Jacob Kuruvilla	(9,000)	--	--
4. Dr. George Sreeba	(9,000)	--	--
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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 markets and seek to where appropriate minimize potential and guidelines and 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 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, advances and deposits. .



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Amount in ₹			
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Rupee term loans	--	7,052,156	10,440,411

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Amount in ₹		
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INR	-50	(21,752)
<b>31 March, 2017</b>		
INR	+50	25,679
INR	-50	(25,679)

**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:

Amount in ₹			
Particulars	Change in Rate	For the year ended March 31, 2018	For the year ended March 31, 2017
USD	+5.00 %	(400,655)	(430,742)
	-5.00 %	400,655	430,742





**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 doesn't 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, 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.

**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 life time 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. 9).

**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
<b>Year ended 31 March, 2018</b>				
Borrowings – Non-Current	--	1,003,405	--	1,003,405
Borrowings – Current	--	46,886,962	--	46,886,962
Trade Payables		74,603,848	--	74,603,848
Other financial liabilities	1,754,165	715,169	--	2,469,334
<b>Year ended 31 March, 2017</b>				
Borrowings – Non-Current	--	3,393,494	5,635,522	9,029,016
Borrowings – Current	--	41,879,185	--	41,879,185
Trade Payables	--	51,070,265	--	51,070,265
Other financial liabilities	4,208,533	172,000	--	4,380,533
<b>As at 1 April, 2016</b>				
Borrowings – Non-Current	--	4,457,051	15,279,995	19,737,046
Borrowings – Current	--	42,438,995	--	42,438,995
Trade Payables	--	68,769,347	--	68,769,347
Other financial liabilities	4,937,888	115,600	--	5,053,488

#### 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.





**43. 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.

Particulars	Amount in ₹		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Total Borrowings #	47,890,367	50,908,201	62,176,041
Net Debt	47,890,367	50,908,201	62,176,041
Equity	19,658,420	13,596,360	13,596,360
Other Equity	(2,941,776)	(20,864,044)	(25,983,105)
Total Equity	16,716,644	(7,267,684)	(12,386,745)
Gearing ratio	74.13%	116.65%	124.88%

# 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 2018 and 31 March 2017.

**44. Lease Disclosure:****Operating Lease:**

All the non-cancellable operating lease obligations are prepaid in nature and hence the company does not have any future obligation on account of such non-cancellable operating leases.

**45. Foreign Currency Exposure:**

Particulars		As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
		Foreign Currency	Amount in ₹	Foreign Currency	Amount in ₹	Foreign Currency	Amount in ₹
Exposure in USD (\$)							
Receivables:							
a	Export of goods	334,951	21,786,603	318,711	20,664,791	256,190	16,993,795
b	Advance to Suppliers	101,919	6,576,914	210,123	13,938,727	139,098	9,253,517
Payables:							
a	Import of Goods	458,146	29,799,707	451,577	29,279,625	455,316	30,202,423



46. The Goods and Services Tax (GST) Act, introduced by the Government of India has been made applicable from 1st July 2017. Consequently, revenue for the year ended 31st March 2018 includes excise duty only up to 30th June 2017. Whereas revenue for the previous year includes excise duty for the whole year which is now subsumed in GST.

47. The opening balance sheet and financial statements for the year ended 31st March 2017 have been audited by M/s. P. Murali & Co., (FRN: 007257S) the predecessor auditors.

**48. First Time Adoption of Ind AS:**

For all periods, up to and including the year ended March 31, 2017 the company has prepared its financial statements in accordance with generally accepted accounting principles and accounting standards notified under section 133 of the Companies Act 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014 ("Previous GAAP").

The company is required to prepare its financial statements for the year ended March 31, 2018 under the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013.

Accordingly, the company has prepared financial statements which comply with Ind AS applicable for period ending on March 31, 2018, together with the comparative data for the year ended March 31, 2017, for this purpose the opening balance Sheet as at April 01, 2016 (being the transition date) was also prepared. This note explains the principal adjustment made by the company in restating its Previous GAAP Balance Sheet.

a. **Optional Exemptions applied:** The Company has applied the following exemptions from the retrospective application of certain requirements as allowed by Ind AS 101 for the first-time adopters:

**Deemed cost:**

For transition to Ind AS the company has elected to carry the values of Property, Plant and Equipment as well as all of its Intangible Assets, Buildings classified as investment Property recognised as of March 31, 2016 measured as per previous GAAP and used that carrying value as its deemed cost.

b. **Mandatory Exceptions applied:**

i. **Estimates:**

An entity's estimate in accordance with the Ind AS as at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with 'Previous GAAP' (after adjustments to reflect any differences in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company has estimated the Impairment of Financial Assets based on expected credit loss model in accordance with Ind AS as at the date of transition as this was not required under previous GAAP.

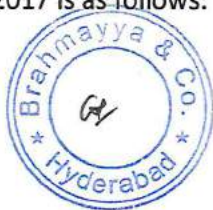
ii. **De-recognition of financial assets and liabilities:**

The Company has chosen to apply the derecognition requirements for financial assets and liabilities as per Ind AS 109 prospectively for the transactions occurring on or after the date of transition to Ind AS.

iii. **Classification and measurement of financial assets:**

The Company has classified financial assets in accordance with condition that existed at the date of transition to Ind AS.

The reconciliation of equity as at April 01, 2016 and March 31, 2017 and profit for the year ended March 31, 2017 is as follows:





GUTS ELECTRO MECH LIMITED  
CIN: U52520TG1987PLC007245  
RECONCILIATION OF EQUITY AS AT 01.04.2016

				Amount in ₹
Particulars	Note No	IGAAP	Diff	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, Plant and Equipment	1	76,240,988	(2,638,026)	73,602,962
(b) Financial Assets			-	-
Other financial assets		62,838	-	62,838
(c) Deferred Tax Assets (Net)	2	(4,344,997)	22,005,373	17,660,376
(d) Other non-current assets		662,558	2,637,336	3,299,894
		<u>72,621,387</u>	<u>22,004,683</u>	<u>94,626,070</u>
<b>Current assets</b>				
(a) Inventories		69,060,566	-	69,060,566
(b) Financial Assets			-	-
(i) Investments		2,500	(2,500)	-
(ii) Trade receivables	3	103,265,121	(54,828,205)	48,436,916
(iii) Cash and cash equivalents		219,938	-	219,938
(iv) Others financial assets		1,453,207	454,136	1,907,343
(c) Other current assets	4	20,628,249	(1,110,728)	19,517,521
		<u>194,629,581</u>	<u>(55,487,297)</u>	<u>139,142,284</u>
<b>Total Assets</b>		<b>267,250,968</b>	<b>(33,482,614)</b>	<b>233,768,354</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share capital		13,596,360	-	13,596,360
(b) Other Equity		(11,038,244)	(14,944,861)	(25,983,105)
		<u>2,558,116</u>	<u>(14,944,861)</u>	<u>(12,386,745)</u>
<b>Liabilities</b>				
<b>Non - current liabilities</b>				
(a) Financial Liabilities				
Borrowings		15,279,995	-	15,279,995
(b) Provisions	5	-	5,213,731	5,213,731
		<u>15,279,995</u>	<u>5,213,731</u>	<u>20,493,726</u>
<b>Current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings		42,438,995	-	42,438,995
(ii) Trade payables		103,866,065	(35,096,718)	68,769,347
(iii) Other financial liabilities		9,510,539	-	9,510,539
(b) Other current liabilities		92,888,926	-	92,888,926
(c) Provisions	6	-	11,345,234	11,345,234
(d) Current Tax Liabilities (Net)		708,332	-	708,332
		<u>249,412,857</u>	<u>(23,751,484)</u>	<u>225,661,373</u>
<b>Total equity and liabilities</b>		<b>267,250,968</b>	<b>(33,482,614)</b>	<b>233,768,354</b>



**EXPLANATORY NOTES TO THE RECONCILIATION OF EQUITY AS AT 01 APRIL 2016**

01. Under Previous GAAP leasehold land was recognised as an asset under PPE. As per Ind AS 17, the company has treated leasehold land as an operating lease and premium paid is considered as pre-paid lease rentals and classified under other non-current /current assets.

Present value of decommissioning liability relating to Factory Building at Haridwar is considered as a part of PPE and capitalised as on transition date. The provision for decommissioning liability is reported at present value and classified under Non-Current Provision.

02. The company under previous GAAP calculated deferred tax based on income statement approach whereby tax effect of timing differences as a consequence of any mismatch between accounting income and taxable income were recognized. Based on Ind AS 12 the company has calculated deferred tax based on balance sheet approach which focuses on temporary differences between carrying amount of an asset or liability in the balance sheet and its tax base.
03. On adoption of Ind AS 109, the Company applies the expected credit loss model for recognizing impairment loss on trade receivables and other financial assets. It uses a provision matrix to compute the expected credit loss which takes in to the account historical credit loss experience adjusted for forward looking information. Provision is created by adopting an ECL Model.
04. Ind AS 109 requires transaction costs incurred towards origination of borrowings to be equated with the interest to arrive at effective interest rate. These costs are recognised in statement of profit or loss over the tenure of the borrowings as part of the interest expense. Under the previous GAAP these transaction costs were charged to Profit and Loss Account. These unamortised transaction costs are classified under other non-current/ current assets.
05. The company has made provision for Gratuity as defined benefit obligation as certified by a qualified Actuary using Projected Unit Credit Method as required under Ind AS 19 on Employee Benefits.
06. As provided in paragraph 10 of Ind AS 101 First-time Adoption of Indian Accounting Standards, the company has recognised a provision for an estimated liability that may arise from pending Sales Tax Assessments which was not recognised under the previous GAAP.





## GUTS ELECTRO MECH LIMITED

CIN: U52520TG1987PLC007245

## RECONCILIATION OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2017

				Amount in ₹
Particulars	Note No	IGAAP	Diff	Ind AS
Revenue from Operations	1	362,617,527	54,896,392	417,513,919
Other Income		9,989,160	(94,995)	9,894,165
<b>Total Income</b>		<b>372,606,687</b>	<b>54,801,397</b>	<b>427,408,084</b>
<b>Expenses</b>				
Cost of materials consumed	2	248,523,681	2,596,438	251,120,119
Changes in inventories of Stock-In-Trade		(5,144,565)	-	(5,144,565)
Employee Benefits Expense	3	50,496,400	(3,296,503)	47,199,897
Finance Costs	4	7,593,278	199,815	7,793,093
Depreciation and amortisation expense		6,634,204	29,857	6,664,061
Other expenses	5	89,243,210	28,601,702	117,844,912
<b>Total expenses</b>		<b>397,346,208</b>	<b>28,131,309</b>	<b>425,477,517</b>
Profit before tax		(24,739,521)	26,670,088	1,930,567
Tax Expenses:				
a. Current Tax				
i. Relating to current Year		-	-	-
ii. Relating to prior Years		-	-	-
b. Deferred tax liability /(Asset)				
On Temporary Differences	6	833,601	(4,271,040)	(3,437,439)
<b>Total Tax Expenses</b>		<b>833,601</b>	<b>(4,271,040)</b>	<b>(3,437,439)</b>
Profit for the year		(25,573,122)	30,941,128	5,368,006
<b>Other Comprehensive income</b>				
Items that will not be reclassified subsequently to profit or loss	3	-	(360,268)	(360,268)
Income tax relating to above items		-	111,323	111,323
<b>Total Other Comprehensive Income for the Year</b>		<b>-</b>	<b>(248,945)</b>	<b>(248,945)</b>
<b>Total Comprehensive Income for the Year</b>		<b>(25,573,122)</b>	<b>30,692,183</b>	<b>5,119,061</b>



**EXPLANATORY NOTES TO THE RECONCILIATION OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2017**

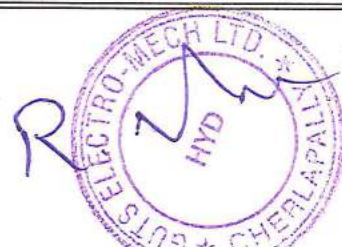
01. Under previous GAAP sale of goods was presented as net of excise duty. However, under Ind AS sale of goods includes excise duty. Thus, sale of goods under Ind AS has increased with a corresponding increase in other expenses.
02. The company has recognised purchases which were omitted to be recognised under the previous GAAP.
03. The company has made provision for Gratuity as defined benefit obligation as certified by a qualified Actuary using Projected Unit Credit Method as required under Ind AS 19 on Employee Benefits. The actuarial loss on such post-employment benefits and deferred tax relating to the same has been recognised in other comprehensive income.
04. Ind AS 109 requires transaction costs incurred towards origination of borrowings to be equated with the interest to arrive at effective interest rate. These costs are recognised in statement of profit or loss over the tenure of the borrowings as part of the interest expense. Under the previous GAAP these transaction costs were charged to Profit and Loss Account.
05. On account of adoption of Ind AS 109, the Company applies the expected credit loss model for recognizing impairment loss on trade receivables and other financial assets. It uses a provision matrix to compute the expected credit loss which takes in to the account historical credit loss experience adjusted for forward looking information. Provision is created based on the adoption of ECL Model. Accordingly, Provision for Doubtful Debts created as per previous GAAP has been derecognised.
06. The company under previous GAAP calculated deferred tax based on income statement approach whereby tax effect of timing differences as a consequence of any mismatch between accounting income and taxable income were recognized. Based on Ind AS 12 the company has calculated deferred tax based on balance sheet approach which focuses on temporary differences between carrying amount of an asset or liability in the balance sheet and its tax base. Accordingly, the resultant impact on Deferred Tax Asset is recorded in the books of account for the year ended March 31, 2017.





**GUTS ELECTRO MECH LIMITED**  
**CIN: U52520TG1987PLC007245**  
**RECONCILIATION OF EQUITY AS AT 31.03.2017**

Particulars	Note No	IGAAP	Diff	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, Plant and Equipment	1	80,616,364	(2,662,820)	77,953,544
(b) Financial Assets			-	-
Other financial assets		247,386	-	247,386
(c) Deferred Tax Assets		-	21,209,138	21,209,138
(d) Other non-current assets		-	3,232,133	3,232,133
		<u>80,863,750</u>	<u>21,778,451</u>	<u>102,642,201</u>
<b>Current assets</b>				
(a) Inventories		51,392,621	-	51,392,621
(b) Financial Assets			-	-
(i) Investments		2,500	(2,500)	-
(ii) Trade receivables		122,404,145	(80,584,072)	41,820,073
(iii) Cash and cash equivalents		3,056,749	-	3,056,749
(iv) Others financial assets		237,000	1,109,136	1,346,136
(c) Current Tax Assets (Net)		13,123	-	13,123
(d) Other current assets	2	21,390,470	(1,814,591)	19,575,879
		<u>198,496,608</u>	<u>(81,292,027)</u>	<u>117,204,581</u>
<b>Total Assets</b>		<b>279,360,358</b>	<b>(59,513,576)</b>	<b>219,846,782</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share capital		13,596,360	-	13,596,360
(b) Other Equity		(36,611,366)	15,747,322	(20,864,044)
		<u>(23,015,006)</u>	<u>15,747,322</u>	<u>(7,267,684)</u>
<b>Liabilities</b>				
<b>Non - current liabilities</b>				
(a) Financial Liabilities				
Borrowings		5,563,264	72,258	5,635,522
(b) Provisions		-	6,473,121	6,473,121
(c) Deferred Tax Liabilities (Net)		5,178,598	(5,178,598)	-
		<u>10,741,862</u>	<u>1,366,781</u>	<u>12,108,643</u>
<b>Current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings		41,879,185	-	41,879,185
(ii) Trade payables		134,926,875	(83,856,610)	51,070,265
(iii) Other financial liabilities		7,774,027	-	7,774,027
(b) Other current liabilities		102,886,457	(11,500,000)	91,386,457
(c) Provisions		4,166,958	18,728,931	22,895,889
		<u>291,633,502</u>	<u>(76,627,679)</u>	<u>215,005,823</u>
<b>Total equity and liabilities</b>		<b>279,360,358</b>	<b>(59,513,576)</b>	<b>219,846,782</b>



**EXPLANATORY NOTES TO THE RECONCILIATION OF EQUITY AS AT 31 MARCH 2017**

01. Under Previous GAAP leasehold lands were recognised as assets under PPE. As per Ind AS 17, the company has treated leasehold lands as operating leases and premium paid is considered as pre-paid lease rentals classified under other non-current /current assets.

Present value of decommissioning liability relating to Factory Building at Haridwar is considered as a part of PPE and capitalised as on transition date. The provision for decommissioning liability is reported at present value and classified under Non-Current Provisions.

02. Ind AS 109 requires transaction costs incurred towards origination of borrowings to be equated with the interest to arrive at effective interest rate. These costs are recognised in statement of profit or loss over the tenure of the borrowings as part of the interest expense. Under the previous GAAP these transactions costs were charged to Profit and Loss Account. These unamortised transaction costs are classified under other non-current/ current assets.

per our report of even date  
for Brahmayya & Co.  
Chartered Accountants  
F.R. Number: 000513S

  
**P. CHANDRAMOULI**  
Partner

Membership No: 025211

Place: Kochi

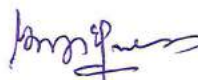
Date: 04.05.2018

for and on behalf of the Board



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





**Dr. GEORGE SLEEBA**  
Director