INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **GUTS ELECTRO-MECH LIMITED** ("the Company"), which comprise the balance sheet as at 31st March 2021, the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (Ind AS), of the state of affairs of the Company as at March 31, 2021, its profit, the total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

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

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

Brahmayya & Co. Hyderabad

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

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(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

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

(g) With respect to the other matters to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its Managing Director during the year is in accordance with the provisions of Section 197 of the Act.

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

i. The Company does not have any pending litigations which would impact its financial position.

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

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

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

(P. CHANDRAMOULI)
Partner
Membership Number: 025211
UDIN:21025211AAAAEK6710

Place : Hyderabad
Date : May 05, 2021

Annexure -A to the Auditor's Report:

The Annexure referred to in Para 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date, to the members of GUTS ELECTRO-MECH LIMITED, HYDERABAD, for the year ended March 31, 2021.

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   b. As explained to us, the management has physically verified the fixed assets during the year and there is a regular programme of physical verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No discrepancies were noticed on such verification.

   c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

2. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable and the procedures of physical verification of inventories followed by the management are reasonable. The discrepancies noticed on physical verification between the physical stocks and book records were not material.

3. a. During the year, the Company has not granted any loans, secured or unsecured to Companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

   b. In view of our comment in para (a) above, Clause (III) (a), (b) and (c) of paragraph 3 of the Companies (Auditor's Report) Order 2016 are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, the Company has not advanced any loan to any Director and no investments were made during the year as referred to in sections 185 and 186 of the Act. Therefore, the provisions of paragraph 3(iv)of the of the Companies (Auditor's Report) Order 2016 are not applicable to the Company.

5. The Company has not accepted any deposits from the public. Hence the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, do not apply to this Company.

6. Maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the Products of Company. We have broadly reviewed the cost records maintained by the Company pursuant to sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that *prime facie* the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or Complete.

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7. a. According to the records, the company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and all other material statutory dues with the appropriate authorities and there were no arrears of statutory dues as at March 31, 2021 for a period of more than six months from the date they became payable except the following.

Name of the Statute	Nature of the dues	Amount Rs.	Period to which the amount relates	Due Date	Date of payment
The Finance Act, 1994	Service Tax	28,420	March 2017	31.03.2017	Not Yet Paid
The Finance Act, 1994	Service Tax	38,377	June 2017	05.07.2017	Not Yet Paid
The Telangana Tax on Professions, Trades, Callings and Employments Act, 1987	Profession Tax	9,800	2015-16	Various Dates	Not Yet Paid
		800	2016-17		
		3,125	2017-18		
		2,525	2018-19		

b. According to the records of the Company and the information and explanations given to us, there were no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute.

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution, Bank, Government, or debenture holders.

9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of paragraph 3 (ix) of the Companies (Auditor's Report) Order 2016 are not applicable.

10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

11. According to the information and explanations give to us and based on our examination of the records of ~~the Company,~~ the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions of paragraph 3(xii) of the Companies (Auditor's Report) Order 2016 are not applicable.

13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

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15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, the provisions of paragraph 3(xv) of the Companies (Auditor's Report) Order 2016 are not applicable.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

(P. CHANDRAMOULI)
Partner
Membership Number: 025211
UDIN:21025211AAAAEK6710

Place : Hyderabad
Date : May 05, 2021

Annexure – B to the Auditors' Report

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

We have audited the internal financial controls with reference to financial statements of GUTS ELECTRO-MECH LIMITED, HYDERABAD ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Meaning of Internal Financial Controls with reference to financial statements:

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

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

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

(P. CHANDRAMOULI)
Partner
Membership Number: 025211
UDIN:21025211AAAAEK6710

Place : Hyderabad
Date : May 05, 2021

GUTS ELECTRO-MECH LIMITED
CIN: U52520TG1987PLC007245
BALANCE SHEET AS AT MARCH 31, 2021

Amount in ₹

Particulars	*Note No*	*As at March 31, 2021*	*As at March 31, 2020*
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	4	7,21,13,200	7,71,66,468
(b) Other Intangible assets	5	9,75,002	10,09,692
(c) Financial Assets			
Other financial assets (net)	6	2,70,786	2,67,386
(d) Deferred Tax Assets	7	38,66,226	13,33,886
(e) Other non-current assets	8	45,88,970	45,90,791
		8,18,14,184	8,43,68,223
Current assets			
(a) Inventories	9	8,07,11,927	6,42,57,066
(b) Financial Assets			
(i) Trade receivables	10	8,69,34,120	3,43,08,588
(ii) Cash and cash equivalents	11	4,58,599	2,12,967
(iii) Others financial assets	12	58,33,538	76,46,033
(c) Other current assets	13	1,97,06,487	1,11,30,553
		19,36,44,671	11,75,55,207
	Total Assets	**27,54,58,855**	**20,19,23,430**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	14	1,96,58,420	1,96,58,420
(b) Other Equity	15	11,80,69,173	7,50,46,203
		13,77,27,593	9,47,04,623
Liabilities			
Non - current liabilities			
(a) Financial Liabilities			
Other financial liabilities	16	40,481	40,481
(b) Provisions	17	49,61,357	46,09,387
		50,01,838	46,49,868

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GUTS ELECTRO-MECH LIMITED
CIN: U52520TG1987PLC007245
BALANCE SHEET AS AT MARCH 31, 2021

Amount in ₹

Particulars	Note No	As at March 31, 2021	As at March 31, 2020
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	3,01,32,316	2,77,25,382
(ii) Trade payables	19	6,93,81,767	5,36,73,077
(iii) Other financial liabilities	20	18,65,167	19,66,473
(b) Other current liabilities	21	1,56,56,011	60,14,112
(c) Provisions	22	74,82,802	71,86,622
(d) Current Tax Liabilities (Net)		82,11,362	60,03,273
		13,27,29,425	10,25,68,939
Contingent Liabilities and Commitments	23		
Total equity and liabilities		**27,54,58,856**	**20,19,23,430**
NOTES TO THE FINANCIAL STATEMENTS	**1 - 45**		

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

P.CHANDRAMOULI
Partner
Membership Number: 025211

for and on behalf of the Board

R.B.V.S ARUN KUMAR
Managing Director

ABIE ABRAHAM
Director

Place: Hyderabad
Date : 05.05.2021

GUTS ELECTRO-MECH LIMITED
CIN: U52520TG1987PLC007245
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Amount in ₹

Particulars	Note No	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from Operations	24	55,28,18,600	52,65,04,744
Other Income	25	73,32,595	2,07,54,444
Total Income		**56,01,51,195**	**54,72,59,188**
Expenses			
Cost of materials consumed	26	36,89,93,941	32,99,18,666
Changes in inventories of Stock-In-Trade	27	(1,44,90,537)	65,65,368
Employee Benefits Expense	28	2,41,40,727	2,47,25,846
Finance Costs	29	66,20,441	58,83,501
Depreciation and amortisation expense	30	79,51,784	77,02,910
Other expenses	31	11,39,56,503	11,12,22,089
Total expenses		**50,71,72,859**	**48,60,18,380**
Profit before tax		**5,29,78,336**	**6,12,40,808**
Tax Expenses:			
a. Current Tax		1,42,50,000	1,65,00,000
b. Deferred tax liability /(Asset)			
On Temporary Differences		(25,73,189)	9,02,162
Total Tax Expenses		1,16,76,811	**1,74,02,162**
Profit for the year		**4,13,01,525**	**4,38,38,646**
Other Comprehensive income	32		
Items that will not be reclassified subsequently to profit or loss		1,62,294	(2,57,335)
Income tax relating to above items		(40,849)	64,771
Total Other Comprehensive Income for the Year		1,21,445	**(1,92,564)**
Total Comprehensive Income for the Year		**4,14,22,970**	**4,36,46,082**
Earnings per Equity share- Basic and Diluted (In ₹)	33	**21.01**	**22.30**
NOTES TO THE FINANCIAL STATEMENTS	1 - 45		

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

P.CHANDRAMOULI
Partner
Membership Number: 025211

Place: Hyderabad
Date : 05.05.2021

for and on behalf of the Board

R.B.V.S ARUN KUMAR
Managing Director

ABIE ABRAHAM
Director

GUTS ELECTRO-MECH LIMITED
CIN: U52520TG1987PLC007245
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

Amount in ₹

	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
I.	***Cash flow from operating activities:***		
	Profit before tax	5,29,78,336	6,12,40,808
	Add: Other Comprehensive Income before Tax	1,62,294	(2,57,335)
		5,31,40,630	6,09,83,473
	Adjustment for non-cash transactions:		
	Depreciation and amortization expenses	79,51,784	77,02,910
	Interest cost on de-commissioning liability	1,16,136	1,05,579
	Credit Balances Written Back	(6,17,899)	(31,24,859)
	Excess Provisions written back	(1,39,144)	-
	Excess Provision for Inventory written back	(5,86,788)	-
	Reversal of warranty provision	(18,35,150)	-
	Inventory Written Off	1,00,522	-
	Debit Balances Written Off	1,04,649	72,628
	Bad debts Written Off	31,11,766	51,73,504
	Interest on lease liability	4,500	4,498
	Provisions made during the year:		
	Expected credit loss	(27,64,107)	(34,93,406)
	Inventory	-	7,75,960
	CSR	9,00,000	5,00,000
	Warranties	23,82,600	21,28,534
		6,18,69,499	**7,08,28,821**
	Adjustment for investing and financing activities:		
	Interest Income:	-	(14,176)
	Interest paid on borrowings including Guarantee Commission	59,93,509	49,70,783
		59,93,509	**49,56,607**
	Adjustment for changes in working capital:		
	Decrease / (increase) in inventories	(1,59,68,595)	1,10,33,654
	Decrease / (increase) in trade receivables	(5,30,77,840)	1,17,61,207
	Decrease / (increase) in other current financial assets	18,12,495	(55,58,968)
	Decrease / (increase) in other non current financial assets	(3,400)	(20,000)
	Decrease / (increase) in other current assets	(85,75,934)	22,65,960
	Decrease / (increase) in other non-current assets	1,821	(25,25,792)
	(Decrease) /Increase in trade payables	1,64,65,733	(46,95,247)
	(Decrease) /Increase in other current financial liabilities	(1,01,306)	5,26,692
	(Decrease) /Increase in other non current financial liabilities	-	(5,787)
	(Decrease) /Increase in other current liabilities	96,41,899	(4,97,96,904)
	(Decrease) /Increase in long term provisions	2,35,834	7,90,818
	(Decrease) /Increase in short term provisions	(11,51,270)	16,622
		(5,07,20,563)	**(3,62,07,745)**
	Cash generated from operations	**1,71,42,445**	**3,95,77,683**
	Less: Direct taxes paid (net of refunds)	(1,20,41,912)	(2,64,93,448)
	Net cash flow from operating activities (I)	**51,00,533**	**1,30,84,235**
II.	***Cash flows from investing activities***		
	Purchase of fixed assets, including CWIP	(28,63,826)	(67,09,525)
	Interest received for the year	-	14,176
	Net cash flow from/ (used in) investing activities (II)	**(28,63,826)**	**(66,95,349)**

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GUTS ELECTRO-MECH LTD. * CHERLAPALLY * HYD-51

GUTS ELECTRO-MECH LIMITED
CIN: U52520TG1987PLC007245
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

Amount in ₹

	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
III.	***Cash flows from financing activities***		
	Interest paid for the year	(43,93,509)	(33,70,783)
	Lease payments debited to lease liability	(4,500)	(4,500)
	Net cash flow (used in) financing activities (III)	**(43,98,009)**	**(33,75,283)**
IV.	***Net (decrease)/increase in cash and cash equivalents (I + II + III)***	**(21,61,302)**	**30,13,603**
	Cash and cash equivalents at the beginning of the year	(2,75,12,415)	(3,05,26,018)
V.	***Cash and cash equivalents at the end of the year***	**(2,96,73,717)**	**(2,75,12,415)**
VI.	***Components of cash and cash equivalents:***		
	Cash on hand	23,492	62,930
	With banks:		
	On Current Account	4,35,107	1,50,037
	On Cash Credit Accounts	(3,01,32,316)	(2,77,25,382)
	Total cash and cash equivalents (Note No 11 and 18)	**(2,96,73,717)**	**(2,75,12,415)**

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

P. CHANDRAMOULI
Partner
Membership No.: 025211

Place: Hyderabad
Date : 05.05.2021

for and on behalf of the Board

R.B.V.S ARUN KUMAR
Managing Director

ABIE ABRAHAM
Director

GUTS ELECTRO-MECH LIMITED
CIN: U52520TG1987PLC007245
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A. Equity Share Capital Amount in ₹

Particulars	As at March 31, 2021	As at March 31, 2020
i. At the beginning of the year	1,96,58,420	1,96,58,420
ii. Changes during the year	-	-
iii. At the end of the year	**1,96,58,420**	**1,96,58,420**

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, 2020	**38,26,849**	**4,69,40,556**	**2,38,61,228**	**3,79,240**	**38,330**	**7,50,46,203**
Profit for the period		4,13,01,525	-	-	-	4,13,01,525
Other Comprehensive income for the period/year		-	-	-	1,21,445	1,21,445
Additional Investment by Parent Company	16,00,000					16,00,000
II. Balance as at March 31, 2021	**54,26,849**	**8,82,42,081**	**2,38,61,228**	**3,79,240**	**1,59,775**	**11,80,69,173**

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

P.CHANDRAMOULI
Partner
Membership Number: 025211

Place: Hyderabad
Date : 05.05.2021

for and on behalf of the Board

R.B.V.S ARUN KUMAR
Managing Director

ABIE ABRAHAM
Director

1. **Corporate information:**

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

2. **Basis of Preparation:**

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

Accordingly, the Company has prepared these Financial Statements which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as financial statements).

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

Certain Financial Assets and Liabilities measured at fair value

Deferred Benefit Plans and Other Long-Term Employee Benefits

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

These financial statements were approved by the Board of Directors and authorised for Issuance in their meeting held on May 5,2021.

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.

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Estimates and Assumptions:

i. **Impairment of non-current assets:**

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

ii. **Defined Benefit Plans:**

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

iii. **Fair Value measurement of financial instruments:**

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

iv. **Contingencies:**

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

v. **Property, Plant and Equipment:**

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

vi. **Income Taxes:**

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

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

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

Particulars	Up to 180 Days	180 -365 Days	365- 730 Days	730-1095 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:

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

i. Expected to settle the liability in normal operating cycle;
ii. Held primarily for the purpose of trading;
iii. Due to be settled within twelve months after the reporting period, or
iv. 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.

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

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

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

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

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

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

Estimated useful life of the assets are as follows:

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

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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.

Classification on inception of lease:

i. Operating lease:

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

ii. Finance Lease:

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

Accounting of Operating leases:

i. Where the Company is the lessee:

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

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

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

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

ii. where the Company is the lessor:

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

f) Inventories:

i. Raw Materials, Stores and Spares and Consumables are stated at lower of Cost and Net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost in which they will be incorporated and expected to be sold at or above cost. Cost is determined on FIFO basis.

ii. Work-in-progress and finished goods are stated at the lower of cost and net realizable value.

iii. Cost includes direct materials, labour and a proportion of manufacturing overheads based on actual production. Cost is determined on FIFO basis.

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

g) Revenue recognition:

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

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

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

i. **Sale of goods**: Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and is disclosed net off discounts, taxes collected and returns.

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

iii. **Export Incentives:** Export benefits in the form of Merchandise Exports from India are recognised as and when the amounts are sanctioned by DGFT.

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h) **Government Grants and Subsidies:**

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

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

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

i) **Foreign Currency Transactions:**

i. **Functional and Reporting Currency**: The Company's functional and reporting currency is Indian National Rupee.

ii. **Initial Recognition:** Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amounts the exchange rate between the reporting currency and the foreign currency on the date of the transaction.

iii. **Conversion on reporting date:** Foreign currency monetary items are reported at the closing rate. Foreign currency non-monetary items are reported at historical cost.

iv. **Exchange Differences:** Exchange difference arising on the settlement of monetary items or on reporting monetary items of company at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognised as income or as expenses in the year in which they arise.

j) **Borrowing Costs:**

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

k) **Retirement and other employee benefits:**

i. Employer's contribution to Provident Fund/Employee State Insurance which is in the nature of defined contribution scheme is expensed off when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to these funds.

ii. The company operates a gratuity plan which is in the nature of defined benefit obligation. The company's liability is provided based on independent actuarial valuation on projected unit credit method made at the end of each financial year as per the requirements of Ind AS 19 on "Employee Benefits".

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iii. Gratuity liability is considered as post-employment benefit expense as per Ind AS -19. Accordingly, Actuarial gain/(loss) on re-measurement of present value of defined benefit obligation and actual return on plan assets excluding net interest is recognised under other comprehensive income for the year.

iv. Accumulated leaves, which are expected to be utilised within the next twelve months, are treated as short-term employee benefits. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

v. The Company treats accumulated leaves expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

l) Earnings Per Share:

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

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

m) Provisions:

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

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

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

Warranty related costs are recognised when the product is sold, or service is provided to customer as per the terms of sale. Initial recognition is based on historical experience. The Company periodically reviews the adequacy of product warranties and adjust warranty percentage and warranty provisions for actual experience, if necessary. The timing of outflow is expected to be with in one to three years.

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n) **Contingencies:**

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

o) **Decommissioning Liability:**

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

p) **Taxes on Income:**

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

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

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

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

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

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q) **Prior period items:**

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

r) **Cash and cash equivalents:**

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

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

s) **Segment Reporting:**

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

t) **Financial instruments:**

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

Financial Assets:

a. **Initial recognition and measurement:**

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

b. **Subsequent measurement:**

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

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

a. **Debts Instruments at amortised cost:**

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

i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

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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.

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d. Impairment of financial assets:

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

Expected credit loss is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive.

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

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

Financial liabilities:

a. Initial recognition and measurement:

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

b. Subsequent measurement:

i. Financial liabilities at fair value through profit or loss

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

ii. Financial liabilities at amortised cost:

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

c. Derecognition:

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

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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.

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GUTS ELECTRO-MECH LTD. * CHERLAPALLY HYD-51 *

GUTS ELECTRO MECH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

4 PROPERTY, PLANT AND EQUIPMENT

Amount in ₹

Sl. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2020	Additions	Deletions	As at 31.03.2021	Up to 31.03.2020	for the year	on Deletions	Up to 31.03.2021	As at 31.03.2021	As at 31.03.2020
01	Land	3,35,175	-	-	3,35,175	-	-	-	-	3,35,175	3,35,175
02	Buildings	1,93,64,973	-	-	1,93,64,973	55,94,067	6,51,287	-	62,45,354	1,31,19,619	1,37,70,906
03	Plant and Equipment	7,67,57,717	10,49,394	-	7,78,07,111	3,06,63,941	47,92,642	-	3,54,56,583	4,23,50,528	4,60,93,776
04	Electrical Fittings	14,20,138	-	-	14,20,138	4,47,282	1,13,428	-	5,60,710	8,59,428	9,72,856
05	Office Equipment	44,02,516	3,77,931	-	47,80,447	27,68,473	4,60,182	-	32,28,655	15,51,792	16,34,043
06	Tools and Equipments	1,26,43,928	11,63,900	-	1,38,07,828	50,84,464	10,58,726	-	61,43,190	76,64,638	75,59,464
07	Data Processing equipment	29,42,333	1,42,705	-	30,85,038	15,98,355	3,38,276	-	19,36,631	11,48,407	13,43,978
08	Furniture and fixtures	24,22,484	47,147	-	24,69,631	9,34,277	2,05,998	-	11,40,275	13,29,355	14,88,206
09	Vehicles	14,76,221	-	-	14,76,221	6,96,777	1,75,181	-	8,71,958	6,04,263	7,79,444
10	Right of use asset	34,76,242	-		34,76,242	2,87,623	38,625		3,26,248	31,49,994	31,88,619
	Grand Total	12,52,41,728	27,81,077	-	12,80,22,805	4,80,75,260	78,34,345	-	5,59,09,605	7,21,13,200	7,71,66,468
	Previous year	11,40,61,168	1,11,80,560	-	12,52,41,728	4,04,58,588	76,16,672	-	4,80,75,260	7,71,66,468	7,38,51,578

5 INTANGIBLE ASSETS

Amount in ₹

Sl. No.	PARTICULARS	GROSS BLOCK				AMORTISATION				NET BLOCK	
		As at 01.04.2020	Additions	Deletions	As at 31.03.2021	Up to 01.04.2020	for the year	on Deletions	Up to 31.03.2021	As at 31.03.2021	As at 31.03.2020
01	Intangible assets	11,23,526	82,749	-	12,06,275	1,13,834	1,17,439	-	2,31,273	9,75,002	10,09,692
	Grand Total	11,23,526	82,749	-	12,06,275	1,13,834	1,17,439	-	2,31,273	9,75,002	10,09,692
	Previous year	7,11,468	4,12,058	-	11,23,526	27,596	86,238	-	1,13,834	10,09,692	6,83,872

*

Include the following (Gross Value)	Given on Lease as at		with Job Workers as at	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Plant and Equipment	63,95,939	63,95,939	97,75,915	1,00,04,723
Office Equipment	89,370	89,370	4,590	4,590
Tools and Equipments	11,25,513	11,25,513	15,96,277	14,16,277
Data Processing equipment	1,32,764	1,32,764	-	-
Furniture and fixtures	80,450	80,450	13,000	13,000
TOTAL	78,24,036	78,24,036	1,13,89,782	1,14,38,590

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* GUTS ELECTRO-MECH LTD. * CHERLAPALLY HYD-51

GUTS ELECTRO-MECH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Amount in ₹

Note No	Particulars		As at March 31, 2021	As at March 31, 2020
6	**Other Non Current Financial Assets:**			
	Security Deposits		2,70,786	2,67,386
		Total	**2,70,786**	**2,67,386**
7	**Deferred Taxes:**			
	Net deferred tax recognised in Balance Sheet			
	Fair value of financial assets/liabilities		6,95,364	13,91,090
	Accelerated depreciation		(54,50,688)	(62,00,807)
	Other disallowances		86,21,550	61,43,603
		Total	**38,66,226**	**13,33,886**
	Movement in Deferred Taxes			
	Deferred tax asset/(liability) - Profit and loss		25,73,189	(9,02,162)
	Deferred tax asset/(liability) - OCI		(40,849)	64,771
		Total	**25,32,340**	**(8,37,391)**
8	**Other Non Current Assets:**			
	Prepaid Expenses		16,40,369	26,67,153
	Capital advances		19,48,601	19,23,638
	Other Receivables		10,00,000	-
		Total	**45,88,970**	**45,90,791**
9	**Inventories:**			
	Raw Materials at cost *		4,00,34,893	3,65,97,622
	Raw Materials in Transit at cost		9,62,432	13,93,350
	Work in Progress at cost**		2,50,38,910	1,78,82,851
	Finished Goods at cost		89,67,125	67,81,178
	Stock of Scrap at Realisable Value***		58,96,436	7,47,905
	MEIS duty scrips		1,303	16,30,120
	Provision for non moving Inventory		(1,89,172)	(7,75,960)
		Total	**8,07,11,927**	**6,42,57,066**
	* includes with Job Workers		65,82,876	1,14,49,901
	** includes with Job Workers		51,23,719	35,75,402
	***includes with Job Workers		36,08,145	1,38,316

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GUTS ELECTRO-MECH LIMITED
CIN: U52520TG1987PLC007245
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Amount in ₹

Note No	Particulars		As at March 31, 2021	As at March 31, 2020
10	**Trade Receivables:**			
	Considered Good			
	Due from Related Parties		5,40,21,752	83,25,267
	Due from Others		3,28,58,683	2,54,91,222
			8,68,80,435	3,38,16,489
	With Significant Increase in Credit Risk			
	Due from Others		2,02,771	18,04,363
	Less: Expected Credit Loss on above		1,49,086	13,12,264
			53,685	4,92,099
	Credit Impaired			
	Due from Others		26,13,584	42,14,513
	Less: Expected Credit Loss on above		26,13,584	42,14,513
			-	-
		Total	**8,69,34,120**	**3,43,08,588**
11	**Cash and cash equivalents:**			
	Balances with banks			
	Current Accounts		4,35,107	1,50,037
	Cash on Hand		23,492	62,930
		Total	**4,58,599**	**2,12,967**
12	**Other financial assets - Current:**			
	Staff Advances		1,04,263	83,998
	Security Deposits		1,000	1,000
	Other Receivables		57,28,275	75,61,035
		Total	**58,33,538**	**76,46,033**
13	**Other Current Assets:**			
	Advance for Purchases and Expenses		1,42,93,518	1,27,75,012
	Less: Provision for Doubtful Advance		(79,34,997)	(79,34,997)
	Balance with Statutory Authorities		1,20,64,619	62,08,906
	Prepaid Expenses		12,83,347	81,632
		Total	**1,97,06,487**	**1,11,30,553**

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GUTS ELECTRO-MECH LTD. * KUKATPALLY HYD-51

GUTS ELECTRO MECH LIMITED
CIN: U52520TG1987PLC007245
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Amount in ₹

Note No.	Particulars	As at March 31, 2021	As at March 31, 2020
14	**Equity Share Capital:**		
	A. *Authorised Share Capital:*		
	2,000,000 Equity Shares of ₹ 10/- each	2,00,00,000	2,00,00,000
		2,00,00,000	**2,00,00,000**
	B. *Issued, Subscribed and Fully Paid up share capital:*		
	1,965,842 Equity Shares of ₹ 10/- each	1,96,58,420	1,96,58,420
	Total	**1,96,58,420**	**1,96,58,420**
	C. *Reconciliation of the shares outstanding at the beginning and at the end of year:*		
	In no. of Shares		
	At the beginning and at the end of the Year	19,65,842	19,65,842
		19,65,842	19,65,842
	In value of Shares		
	At the beginning and at the end of the Year	1,96,58,420	1,96,58,420
		1,96,58,420	1,96,58,420

D. *Rights attached to the Equity Shares:*

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.

		As at March 31, 2021	As at March 31, 2020
E. Shares held by Holding Company:			
V-Guard Industries Limited	-in numbers	14,54,723	14,54,723
F. Details of Shareholders holding more than 5% shares in the company: *Equity Shares:*			
a. R B V S Arun Kumar	-in numbers	5,11,119	5,11,119
	- In percentage	26.00	26.00
c. V-Guard Industries Limited	-in numbers	14,54,723	14,54,723
	- In percentage	74.00	74.00

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GUTS ELECTRO-MECH LTD. HYD-51

GUTS ELECTRO-MECH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Amount in ₹

Note No	Particulars	As at March 31, 2021	As at March 31, 2020
15	**Other Equity:**		
	Additional Investment from the Parent Company	54,26,849	38,26,849
	Capital Reserve (Industrial Subsidy)		
	At the beginning and at end of the Year	3,79,240	3,79,240
	Securities Premium		
	At the beginning and at end of the Year	2,38,61,228	2,38,61,228
	Surplus in Statement of Profit and Loss		
	At the beginning of the Year	4,69,40,556	31,05,124
	Adjustment due to adoption of IndAS 116	-	(3,214)
	Profit for the year	4,13,01,525	4,38,38,646
	At the end of the Year	8,82,42,081	4,69,40,556
	Other Comprehensive Income		
	On actuarial Gain/(loss) on post employment benefits		
	At the beginning of the Year	38,330	2,30,894
	Transferred from the statement of Profit and loss	1,21,445	(1,92,564)
	At the end of the Year	1,59,775	38,330
	Total	**11,80,69,173**	**7,50,46,203**
16	**Other financial liabilities - Non Current:**		
	Lease Liability	40,481	40,481
	Total	**40,481**	**40,481**
17	**Provisions - Non Current:**		
	Provision for employee benefits		
	Provision for compensated absences	5,86,800	5,56,224
	Provision for Gratuity (refer Note: 37)	30,97,061	28,91,803
	Other Provisions		
	De-commissioning liability	12,77,496	11,61,360
	Total	**49,61,357**	**46,09,387**
18	**Borrowings - Current:**		
	(Secured from Banks)		
	Loans repayable on demand		
	from ICICI Bank Limited - Cash Credit (refer Note: 34)	3,01,32,316	2,77,25,382
	Total	**3,01,32,316**	**2,77,25,382**
19	**Trade Payables - Current: (refer Note: 35)**		
	For Supplies and Services		
	Related Parties	10,92,359	13,47,033
	Others	6,82,89,408	5,23,26,044
	Total	**6,93,81,767**	**5,36,73,077**

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GUTS ELECTRO-MECH LTD. HYD-51

GUTS ELECTRO-MECH LIMITED
CIN: U52520TG1987PLC007245
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Amount in ₹

Note No	Particulars		As at March 31, 2021	As at March 31, 2020
20	**Other financial liabilities - Current:**			
	Salaries and Wages payable			
	Others		11,03,865	11,16,478
	Related Parties		2,70,602	3,76,521
	Lease liability		4,500	4,500
	Other liabilities:			
	Dues to others		4,86,200	4,50,974
	Due to Related Parties		-	18,000
		Total	**18,65,167**	**19,66,473**
21	**Other current liabilities:**			
	Statutory Liabilities			
	Service Tax Payable		66,797	66,797
	GST payable		1,47,93,071	53,00,160
	Withholding Taxes Payable		4,63,357	4,31,782
	Other Statutory Dues		3,32,786	2,15,373
		Total	**1,56,56,011**	**60,14,112**
22	**Provisions - Current:**			
	Provision for employee benefits			
	Provision for Compensated absences		74,564	62,609
	Provision for Gratuity (refer Note: 37)		4,78,155	2,41,380
	Other provisions			
	Provision for Warranties		69,30,083	63,82,633
	CSR Provision		-	5,00,000
		Total	**74,82,802**	**71,86,622**
23	**Commitments and Contingent Liabilities:**			
	Capital commitments(Net of advances)			
	Estimated amount of contracts remaining to be executed on capital account and not provided for		12,60,024	4,33,648
	Contingent Liabilities:		NIL	NIL

GUTS ELECTRO MECH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Amount in ₹

Note No	Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
24	**Revenue from Operations:**			
	Sale of Products			
	Finished Goods		53,08,28,674	50,54,88,675
	Other Operating Income			
	Sale of Scrap		2,08,04,472	1,89,95,476
	Export Incentives		11,85,454	20,20,593
		Total	**55,28,18,600**	**52,65,04,744**
25	**Other Income:**			
	Interest Income Others		-	14,176
	Other Non-operating Income (Net of Expenses)			
	Profit on Sale of Inventory		3,20,990	16,40,229
	Government incentives -budgetary support		8,34,330	10,98,843
	Income from sale of Trademark		-	1,00,00,000
	Equipment hire charges		2,10,000	2,10,000
	Excess Provisions Written Back		1,39,144	-
	Excess Provision for Inventory Written Back		5,86,788	-
	Warranty Provision no longer required written back		18,35,150	-
	Expected Credit loss on trade receivables written back		27,64,107	34,93,406
	Credit Balances no longer payable Written Back		6,17,899	31,24,859
	Miscellaneous Receipts		24,187	11,72,931
		Total	**73,32,595**	**2,07,54,444**
26	**Cost of Material Consumed:**			
	Inventory at the beginning of the year		3,65,97,622	4,40,89,378
	Add : Purchases		37,35,99,654	32,50,00,430
			41,01,97,276	36,90,89,808
	Less: Cost of inventory sold as such		10,67,920	25,73,520
	Less: Cost of inventory written off		1,00,522	
	Less: Inventory at the end of the year		4,00,34,893	3,65,97,622
		Total	**36,89,93,941**	**32,99,18,666**
27	**Changes in inventories of Stock-In-Trade:**			
	Inventory at the beginning of the period/Year			
	Finished Goods		67,81,178	65,25,598
	Work in Progress		1,78,82,851	2,49,58,730
	Scrap		7,47,905	4,92,974
			2,54,11,934	3,19,77,302
	Inventory at the end of the period/Year			
	Finished Goods		89,67,125	67,81,178
	Work in Progress		2,50,38,910	1,78,82,851
	Scrap		58,96,436	7,47,905
			3,99,02,471	2,54,11,934
		Total	**(1,44,90,537)**	**65,65,368**
28	**Employee Benefits Expense:**			
	Salaries, Wages and Bonus		2,16,00,786	2,17,89,749
	Contribution to Provident and Other Funds		11,76,507	13,96,944
	Staff Welfare Expenses		6,82,193	8,88,224
	Gratuity		6,81,241	6,50,929
		Total	**2,41,40,727**	**2,47,25,846**

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GUTS ELECTRO-MECH LTD. CHERLAPALLY HYD-51

GUTS ELECTRO MECH LIMITED
CIN: U52520TG1987PLC007245
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Amount in ₹

Note No	Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
29	**Finance Costs**			
	Interest on borrowings		32,22,552	33,70,783
	Bank Charges and Commission		5,06,296	8,02,641
	Guarantee Commission		16,00,000	16,00,000
	Interest on short fall in payment of advance Income-tax		11,70,957	-
	Interest cost on de-commissioning liability		1,16,136	1,05,579
	Interest cost on Lease liability		4,500	4,498
		Total	**66,20,441**	**58,83,501**
30	**Depreciation and amortisation expense:**			
	Depreciation on Property ,Plant and Equipment		78,34,345	76,16,672
	Amortisation of Intangible Assets		1,17,439	86,238
		Total	**79,51,784**	**77,02,910**
31	**Other expenses:**			
	Power and Fuel		17,20,419	20,84,996
	Contract Labour Charges		1,57,89,076	1,50,96,324
	Job work Charges		6,89,34,485	6,15,87,538
	Home work Charges		-	1,85,194
	Stores Consumption		21,52,281	25,66,211
	Repairs and maintenance			
	Machinery		18,21,128	11,82,975
	Building		2,84,719	10,26,423
	Other Assets		12,63,797	18,74,983
	Payments to Auditors			
	as auditors		2,15,000	2,15,000
	for tax audit		65,000	65,000
	Other Services		1,50,000	1,35,000
	Provisions for:			
	Warranties		23,82,600	21,28,534
	CSR activity		9,00,000	5,00,000
	Non - moving Inventory		-	7,75,960
	Written off of:			
	Inventory - Raw Materails written off		1,00,522	-
	Debit Balances		1,04,649	72,628
	Bad debts		31,11,766	51,73,504
	Rates and Taxes		33,02,169	31,50,927
	Loss on Foreign Exchange Fluctuations (Net)		35,77,989	37,30,969
	Others			
	Freight and Transportation		18,14,122	21,80,930
	Insurance		4,80,620	3,61,653
	Travelling and Conveyance		1,90,873	4,72,266
	Legal and professional charges		12,84,234	18,69,651
	Penalties		4,12,711	12,68,400
	Miscellaneous expenses		38,98,343	35,17,024
		Total	**11,39,56,503**	**11,12,22,089**
32	**Other comprehensive income:**			
	Actuarial Gain/(Losses) on employee benefit Expense for the Year		1,62,294	(2,57,335)
	Deferred Taxes on above		(40,849)	64,771
		Total	**1,21,445**	**(1,92,564)**
33	**Earnings Per Equity Share:**			
	Profit for the Year attributable to equity share holders in INR		4,13,01,525	4,38,38,646
	Weighted average number of equity shares of ₹ 10/-each		19,65,842	19,65,842
	Earnings per equity share (Basic and Diluted) = (a/b)		**21.01**	**22.30**

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GUTS ELECTRO-MECH LTD. CHERLAPALLY HYD-51

34. Secured loans from Banks:

FROM ICICI BANK LIMITED:

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

Primary Security:

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

Collateral Security:

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

Interest and Repayment Terms:

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

35. 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. The details of total outstanding dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development Act, 2006 are as follows:

PARTICULARS	**(Amount in ₹)**	
	31.03.2021	**31.03.2020**
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	2,078,917	2,262,856
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil

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GUTS ELECTRO-MECH LTD. * CHERLAPALLY HYD-51

36. Movements in Provisions:

Amount in ₹

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Gratuity: (Refer Note: 37 also)		
At the beginning of the year	3,133,183	2,518,900
Charge for the year	518,947	869,214
Released during the year	(76,914)	(254,931)
At the end of the year	**3,575,216**	**3,133,183**
Compensated Absences:		
At the beginning of the year	618,833	425676
Charge for the year	47,997	233,995
Released during the year	(5,466)	(40,838)
At the end of the year	**661,364**	**618,833**
Warranties:		
At the beginning of the year	6,382,633	4,254,099
Charge for the year	2,382,600	2,128,534
Released during the year	(1,835,150)	--
At the end of the year	**6,930,083**	**6,382,633**
CSR Obligation:		
At the beginning of the year	500,000	--
Charge for the year	900,000	500,000
Released during the year	(1,400,000)	--
At the end of the year	--	**500,000**

37. Retirement and other Benefit Obligations:

Amount in ₹

	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A.	**Defined Contribution Plan (Expenses)**		
	Contribution to Provident Fund	946,368	1,092,720
	Contribution to Employee State Insurance	190,478	260,380

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B. Post – employment Defined Benefit Plan (Gratuity)

Amount in ₹

	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
1.	**Movement in Obligation**		
	Present Value of Obligation at the beginning of year	3,133,183	2,518,900
	Current Service Cost	470,491	467,984
	Interest Cost	210,751	182,945
	Benefits Paid	(76,914)	(254,931)
	Actuarial (Gain)/Loss on Obligation	(162,294)	218,285
	Present Value of Obligation at the end of year	**3,575,216**	**3,133,183**

2.	Expenses recognised in Profit and Loss Statement:	For the year ended March 31, 2021	For the year ended March 31, 2020
	Current Service Cost	470,491	467,984
	Net Interest Cost	210,751	182,945
	Expense for the year	**681,241**	**650,929**

3.	Recognised in Other Comprehensive Income:		
	Actuarial (Gain) /loss for the year	(162,295)	218,285
	Total Expenditure recognised	**(162,295)**	**218,285**

4.	Actuarial Assumptions for estimating Company's Defined Benefit Obligation:		
	a. Attrition Rate	9.60 %	9.60 %
	b. Discount Rate	6.91%	6.81%
	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)	22.27	23.48

5. Sensitivity Analysis

Amount in ₹

Sensitivity	Change	Effect on obligations	
Discount Rate	+1%	(260,456)	(271,835)
	-1%	301,584	234,975
Salary Escalation Rate	+1%	313,697	243,491
	-1%	(276,401)	(283,874)

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

6.	**Expected Payout - Gratuity**		
	Expected payments – 1st Year	478,155	241,380
	Expected payments – 2nd Year	281,960	421,556
	Expected payments – 3rd Year	282,784	239,266
	Expected payments – 4th Year	279,166	239,544
	Expected payments – 5th Year	275,218	236,340
	Expected payments – 6th year to 10th Year	1,696,429	1,424,808

7. Other Information:

i. **Plan Assets:**

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

ii. **Present value of defined benefit obligation:**

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

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

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

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

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

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

Amount in ₹

Particulars	As at March 31, 2021	As at March 31, 2020
Gratuity: -		
a. Current Portion	478,155	241,380
b. Non-current portion	3,097,061	2,891,803
Compensated Absences: -		
a. Current Portion	74,564	62,609
b. Non-current portion	586,800	556,224

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.

38. Income tax expense and Deferred Taxes

Amount in ₹

	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Income Tax Expense: -			
a.	Current Tax	14,250,000	16,500,000
b.	Deferred Tax (arising on temporary differences)	(2,532,340)	837,391
	Total Tax Expense for the year	**11,717,660**	**17,337,391**

Amount in ₹

	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Effective Tax Reconciliation: -			
a.	Net Profit before taxes	53,140,630	60,983,473
b.	Tax rate applicable to the company as per normal provisions	25.17%	25.17%
c.	Tax expense on net profit (c = a*b)	**13,374,434**	**15,349,563**
d.	Increase/(decrease) in tax expenses on account of:		
i.	Accelerated Depreciation	(54,165)	(320,394)
ii.	Expenses not allowed under income tax	1,093,932	3,314,242
iii.	Expenses that are allowed under payment basis	399,270	481,605
iv.	Other allowances	(695,670)	(5,394,662)
v.	Income charged under other heads	--	2,288,000
vi.	Other adjustments	132,199	781,646
	Total Increase/(decrease) in tax expenses (d)	**875,566**	**1,150,437**
e.	**Tax as per normal provision under Income tax (c + d)**	**14,250,000**	**16,500,000**

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Deferred Taxes: -	For the year ended March 31, 2021	For the year ended March 31, 2020
As on the reporting date:		
a. On OCI Component		
-Actuarial Gain/(Losses) on Defined Benefit Plans	(40,849)	64,771
b. Other than OCI component		
-Difference in WDV of fixed assets	(5,450,688)	(6,200,807)
-Fair Value of Financial Assets/liabilities	695,364	1,391,090
-Other disallowances	8,662,399	6,078,832
c. Total for the year	**3,866,226**	**1,333,886**
Expense/(Income) Recognised for the year ended:		
a. Deferred tax liability/(asset) recognised in statement of profit and loss:	(2,573,189)	902,162
b. Deferred tax recognised in Other Comprehensive Income	40,849	(64,771)
c. Deferred tax recognised in Total Comprehensive Income	**(2,532,340)**	**837,391**

39. Fair Value of financial instruments:

Amount in ₹

Particulars	As at March 31, 2021	As at March 31, 2020
Financial Assets: -		
At Amortised Cost		
Security Deposits	271,786	268,386
Employee Staff Advance	104,263	83,998
Carrying Value		
Security Deposits	271,786	268,386
Employee Staff Advance	104,263	83,998

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 financials 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.

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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.

40. 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, 2021:

Amount in ₹

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

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2020:

Amount in ₹

Particulars	Total	Fair Value measurement using	
		Quoted prices in active markets	Significant observable inputs
Financial Assets measured at Amortised Cost:			
Security Deposits	268,386	--	268,386
Employee Staff Advance	83,998	--	83,998

41. Segment Information:

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

Entity Wide Disclosures: **Amount in ₹**

Revenue from external customers	For the year ended March 31, 2021	For the year ended March 31, 2020
India	474,752,356	425,953,015
Outside India	56,076,318	79,535,660
Total	**530,828,674**	**505,488,675**
Revenue from one customer amounts to	328,709,900	319,069,899

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Non-Current Operating Assets	As at March 31, 2021	As at March 31, 2020
India	77,677,172	82,766,951
Outside India	--	--
Total	**77,677,172**	**82,766,951**

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

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

Names of the Related parties and description of relationship:

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

Transactions with Related Parties:

Amount in ₹

Particulars	31.03.2021	31.03.2020
i) Key Management Personnel		
Mr. RBVS Arun Kumar		
Remuneration	4,150,718	3,725,364
Mr. A Jacob Kuruvilla		
Sitting Fee	--	50,000
Dr. George Sleeba		
Sitting Fee	--	50,000
ii) Parent Company		
M/s. V-Guard Industries Limited		
Sale of Goods (net of returns)	328,709,900	319,069,899
Deputed Employees Service Cost	4,672,752	4,716,212
Guarantee Commission Paid	1,600,000	1,600,000
iii) Other Related Parties		
M/s. Sri Vidyahitha		
Equipment Lease earned	210,000	210,000
Services Availed (Job work)	36,477,387	32,294,846

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

1.	Mr. RBVS Arun Kumar	(270,602)	(376,521)
2.	Mr. A. Jacob Kuruvilla	--	(9,000)
3.	Dr. George Sleeba	--	(9,000)
4.	M/s. V-Guard Industries Limited	54,021,752	8,325,267
5.	M/s. Sri Vidyahitha	(1,092,359)	(1,347,033)

43. Financial Risk Management objectives and policies:

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

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

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

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

i. Market Risk:

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

a. Interest rate risk:

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

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

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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, 2021	For the year ended March 31, 2020
USD	+5.00 %	507,880	135,272
	-5.00 %	(507,880)	(135,272)

c. Other price risk:

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

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

ii. Credit risk:

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

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

a. Exposure to credit risk:

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

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b. Credit risk concentration profile:

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

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

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

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

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

iii. Liquidity risk:

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

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

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

Amount in ₹

Particulars	On demand	< 12 months	1 to 5 years	Total
Year ended 31 March, 2021				
Borrowings – Current	30,132,316			**30,132,316**
Trade Payables		69,381,767		**69,381,767**
Other financial liabilities		1,865,167		**1,865,167**
Year ended 31 March, 2020				
Borrowings – Current	27,725,382	--	--	**27,725,382**
Trade Payables	--	53673077	--	**53,673,077**
Other financial liabilities	--	1966473	--	**1,966,473**

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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.

44. Capital Management:

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

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

Amount in ₹

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Total Borrowings #	30,132,316	27,725,382
Net Debt	**30,132,316**	**27,725,382**
Equity	19,658,420	19,658,420
Other Equity	118,060,164	75,046,203
Total Equity	**137,727,584**	**94,704,623**
Gearing ratio	17.95%	22.65%

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 2021 and 31 March 2020.

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45. Foreign Currency Exposure:

Particulars		As at March 31, 2021		As at March 31, 2020	
		Foreign Currency	Amount in ₹	Foreign Currency	Amount in ₹
Exposure in USD ($)					
Receivables:					
a	Export of goods	49,301	3,623,832	165,427	12,470,852
b	Advance to Suppliers	202,305	10,683,599	153,254	10,285,936
Payables:					
a	Import of Goods	96,830	6,830,135	165,046	12,090,890
Exposure in Chinese Yuan (CNY)					
Receivables:					
a.	Advance to Suppliers	58,109	680,943	--	--
Payables:					
a	Import of Goods	--	--	2,391	25,452

per our report of even date
for Brahmayya & Co.
Chartered Accountants
Firm's Regn. Number:000513S

Brahmayya & Co. Hyderabad

(P. CHANDRAMOULI)
Partner
Membership Number:025211

for and on behalf of the Board

R.B.V.S ARUN KUMAR
Managing Director

GUTS ELECTRO-MECH LTD. CHERLAPALLY HYD-51

ABIE ABRAHAM
Director

Place: Hyderabad
Date: May 05, 2021