

**GUTS ELECTRO MECH LIMITED**  
**CIN: U52520TG1987PLC007245**  
**BALANCE SHEET AS AT MARCH 31, 2019**

			Amount in ₹	
Particulars	Note No	As at March 31, 2019	As at March 31, 2018	
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, Plant and Equipment	4	7,38,51,578	6,90,02,989	
(b) Capital Work in Progress		14,06,850	-	
(c) Intangible Assets	5	6,83,872	-	
(d) Financial Assets				
Other financial assets	6	2,47,386	2,47,386	
(e) Deferred Tax Assets	7	21,71,277	1,44,08,142	
(f) Other non-current assets	8	52,15,562	31,85,474	
		<u>8,35,76,525</u>	<u>8,68,43,991</u>	
<b>Current assets</b>				
(a) Inventories	9	7,60,66,680	7,51,53,269	
(b) Financial Assets				
(i) Trade receivables	10	4,77,49,893	6,26,22,846	
(ii) Cash and cash equivalents	11	1,04,18,146	34,51,855	
(iii) Others financial assets	12	21,59,693	12,64,469	
(c) Current Tax Assets (Net)		-	-	
(d) Other current assets	13	1,34,34,618	2,37,08,511	
		<u>14,98,29,030</u>	<u>16,62,00,950</u>	
<b>Total Assets</b>		<b><u>23,34,05,555</u></b>	<b><u>25,30,44,941</u></b>	
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share capital	14	1,96,58,420	1,96,58,420	
(b) Other Equity	15	2,98,03,334	(30,41,776)	
		<u>4,94,61,754</u>	<u>1,66,16,644</u>	
<b>Liabilities</b>				
<b>Non - current liabilities</b>				
(a) Financial Liabilities				
Borrowings	16	-	-	
(b) Provisions	17	37,12,990	32,02,077	
		<u>37,12,990</u>	<u>32,02,077</u>	



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**BALANCE SHEET AS AT MARCH 31, 2019**

Particulars	Note No	Amount in ₹	
		As at March 31, 2019	As at March 31, 2018
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	18	4,09,44,164	4,68,86,962
(ii) Trade payables	19	6,14,93,183	7,46,03,848
(iii) Other financial liabilities	20	14,44,281	34,72,739
(b) Other current liabilities	21	5,58,11,016	7,05,63,804
(c) Provisions	22	45,41,466	3,44,60,668
(d) Current Tax Liabilities (Net)		1,59,96,701	32,38,199
		<u>18,02,30,811</u>	<u>23,32,26,220</u>
Contingent Liabilities and Commitments	23		
<b>Total equity and liabilities</b>		<b>23,34,05,555</b>	<b>25,30,44,941</b>
NOTES TO THE FINANCIAL STATEMENTS	1 - 47		

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

  
**P.CHANDRAMOULI**

Partner

Membership Number: 025211

Place: Kochi

Date : 03.05.2019

for and on behalf of the Board

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

  
**Dr.GEORGE SLEEBA**  
Director

## GUTS ELECTRO MECH LIMITED

CIN: U52520TG1987PLC007245

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

		Amount in ₹	
Particulars	Note No	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from Operations	24	60,22,50,247	47,10,57,458
Other Income	25	1,79,71,578	50,22,312
<b>Total Income</b>		<b>62,02,21,825</b>	<b>47,60,79,770</b>
Expenses			
Cost of materials consumed	26	39,65,26,673	30,82,00,148
Changes in inventories of Stock-In-Trade	27	(24,14,953)	(50,22,227)
Employee Benefits Expense	28	3,37,07,615	3,13,36,178
Finance Costs	29	65,10,503	78,38,131
Depreciation and amortisation expense	30	66,23,176	62,33,788
Other expenses	31	11,99,68,069	12,04,19,099
<b>Total expenses</b>		<b>56,09,21,083</b>	<b>46,90,05,117</b>
Profit before tax		<b>5,93,00,742</b>	<b>70,74,653</b>
Tax Expenses:			
a. Current Tax		1,60,00,000	32,50,000
b. Deferred tax liability /(Asset)			
On Temporary Differences		1,21,86,446	66,79,954
<b>Total Tax Expenses</b>		<b>2,81,86,446</b>	<b>99,29,954</b>
Profit for the year		<b>3,11,14,296</b>	<b>(28,55,301)</b>
Other Comprehensive income	32		
Items that will not be reclassified subsequently to profit or loss		1,81,233	4,70,067
Income tax relating to above items		(50,419)	(1,21,042)
<b>Total Other Comprehensive Income for the Year</b>		<b>1,30,814</b>	<b>3,49,025</b>
<b>Total Comprehensive Income for the Year</b>		<b>3,12,45,110</b>	<b>(25,06,276)</b>
Earnings per Equity share- Basic and Diluted (In ₹)	33	15.83	(1.67)
NOTES TO THE FINANCIAL STATEMENTS	1 - 47		

per our report of even date

for **BRAHMAYYA & CO.,**

Chartered Accountants

Firms' Registration Number: 0005135



P.CHANDRAMOULI  
Partner

Membership Number: 025211

Place: Kochi

Date : 03.05.2019

for and on behalf of the Board



R.B.V.S ARUN KUMAR  
Managing Director



Dr.GEORGE SREEBA  
Director

**GUTS ELECTRO MECH LIMITED**  
**CIN: U52520TG1987PLC007245**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019**

A. Equity Share Capital		Amount in ₹	
Particulars		As at	As at
		March 31, 2019	March 31, 2018
i. At the beginning of the year		1,96,58,420	1,35,96,360
ii. Changes during the year		-	60,62,060
iii. At the end of the year		1,96,58,420	1,96,58,420

B. Other Equity		Amount in ₹	
Particulars		-O C I - Acturial Gain/(loss)	Total
		Securities Premium	
I. Balance as at April 01, 2018		2,38,61,228	1,00,080
Additional investment during the year	6,26,849		(30,41,776)
Profit for the year	16,00,000		16,00,000
Other Comprehensive income for the year			3,11,14,296
II. Balance as at March 31, 2019		2,38,61,228	1,30,814
		2,30,894	2,98,03,334

per our report of even date  
for **BRAHMAYYA & CO.,**  
Chartered Accountants  
Firms' Registration Number: 0005135

*P. Chandramouli*  
**P. CHANDRAMOULI**  
Partner  
Membership Number: 025211

Place: Kochi  
Date : 03.05.2018

for and on behalf of the Board

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

*Dr. George Sreeba*  
**Dr. GEORGE SREEBA**  
Director

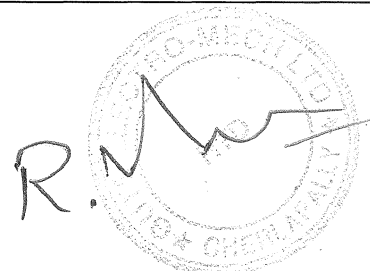
## GUTS ELECTRO MECH LIMITED

CIN: U52520TG1987PLC007245

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ₹

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>I. Cash flow from operating activities:</b>		
Profit before tax	5,93,00,742	70,74,653
Add: Other Comprehensive Income before Tax	1,81,233	4,70,067
	<u>5,94,81,975</u>	<u>75,44,720</u>
<b>Adjustment for non-cash transactions:</b>		
Depreciation and amortization expenses	66,23,176	62,33,788
Amortisation of upfront fee on loans	-	38,170
Amortisation of prepaid lease rentals	38,125	38,125
Interest cost on de-commissioning liability	95,980	87,255
Credit Balances Written Back	(8,64,617)	(14,13,012)
Excess Provisions written back	(1,17,54,738)	(9,90,456)
Profit on Sale of Property, Plant and Equipment	(10,310)	-
Advances Written Back	-	(10,40,000)
Advances Written Off	4,54,136	99,72,595
Debit Balances Written Off	2,97,164	12,87,329
Bad debts Written Off	52,03,685	6,85,712
Property, plant and equipment discarded	-	59,58,674
<b>Provisions made during the year:</b>		
Expected credit loss	(46,33,174)	(8,22,709)
Customs Duty and Interest Payable thereon	-	1,00,00,000
Advances	79,34,997	-
Warranties	24,18,949	18,35,150
	<u>6,52,85,348</u>	<u>3,94,15,341</u>
<b>Adjustment for investing and financing activities:</b>		
Interest Income:		
Interest paid on borrowings (finance cost)	56,74,580	72,13,032
	<u>56,74,580</u>	<u>72,13,032</u>
<b>Adjustment for changes in working capital:</b>		
Decrease / (increase) in inventories	(9,13,411)	(2,37,60,648)
Decrease / (increase) in trade receivables	1,43,02,442	(2,19,53,105)
Decrease / (increase) in other current financial assets	(11,92,388)	81,667
Decrease / (increase) in other current assets	18,46,635	(1,41,81,522)
Decrease / (increase) in other non-current assets	(20,30,088)	46,659
(Decrease) / Increase in trade payables	(1,38,88,047)	2,59,37,051
(Decrease) / Increase in other current financial liabilities	(10,11,192)	(8,85,060)
(Decrease) / Increase in other current liabilities	(1,31,10,789)	(2,08,22,653)
(Decrease) / Increase in long term provisions	4,14,933	(33,58,299)
(Decrease) / Increase in short term provisions	(2,05,83,413)	(2,70,371)
	<u>(3,61,65,318)</u>	<u>(5,91,66,281)</u>
<b>Cash generated from operations</b>	<b>3,47,94,610</b>	<b>(1,25,37,908)</b>
Less: Direct taxes paid (net of refunds)	(32,41,498)	1,322
<b>Net cash flow from operating activities (I)</b>	<b>3,15,53,112</b>	<b>(1,25,36,586)</b>



Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>II. Cash flows from investing activities</b>		
Purchase of fixed assets, including CWIP	(1,35,86,923)	(32,41,907)
Sale of fixed assets	34,746	-
<b>Net cash flow from/ (used in) investing activities (II)</b>	<b>(1,35,52,177)</b>	<b>(32,41,907)</b>
<b>III. Cash flows from financing activities</b>		
Proceeds from long term borrowings (net)	(10,03,405)	(80,25,611)
Interest paid for the year	(40,88,441)	(65,72,322)
Proceeds from Issue of Share Capital at Premium	-	2,57,63,755
<b>Net cash flow (used in) financing activities (III)</b>	<b>(50,91,846)</b>	<b>1,11,65,822</b>
<b>IV. Net (decrease)/increase in cash and cash equivalents (I + II + III)</b>	<b>1,29,09,089</b>	<b>(46,12,671)</b>
Cash and cash equivalents at the beginning of the year	(4,34,35,107)	(3,88,22,436)
<b>V. Cash and cash equivalents at the end of the year</b>	<b>(3,05,26,018)</b>	<b>(4,34,35,107)</b>
<b>VI. Components of cash and cash equivalents:</b>		
Cash on hand	1,22,898	62,150
With banks:		
On Current Account	1,02,95,248	33,89,705
On Cash Credit Accounts	(4,09,44,164)	(4,68,86,962)
<b>Total cash and cash equivalents (Note No 11 and 18)</b>	<b>(3,05,26,018)</b>	<b>(4,34,35,107)</b>

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


  
**P. CHANDRAMOULI**  
Partner

Membership No.: 025211

Place: Hyderabad  
Date : 03.05.2019

for and on behalf of the Board

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

  
**Dr. GEORGE SREEBA**  
Director

**1. Corporate information:**

GUTS Electro-Mech Limited (the 'Company') was originally incorporated as a Private Limited company on 06th March 1987 under the Companies Act, 1956 and subsequently converted into a public limited company on 30th October 1992. 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 electro mechanical items.

These financial statements were approved by the Board of Directors and authorised for Issuance in their meeting held on May 03, 2019.

**2. Basis of Preparation:**

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

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

**3. Significant Accounting policies:**

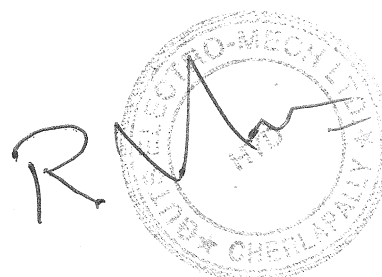
**a) Significant accounting estimates, assumptions and judgements:**

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

**Estimates and Assumptions:**

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

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



**ii. Defined Benefit Plans:**

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

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

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

**iv. Contingencies:**

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

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

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

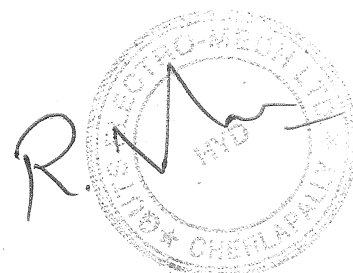
**vi. Income Taxes:**

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

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

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

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

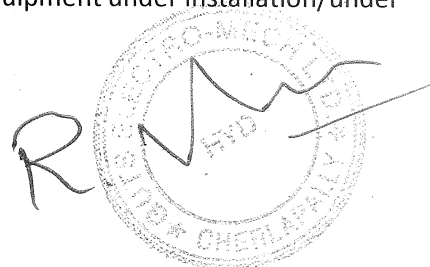
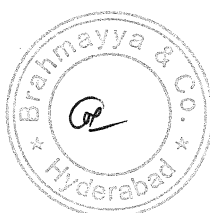
**c) Property, Plant and Equipment:**

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.

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

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

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



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

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

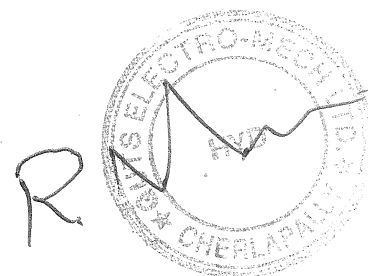
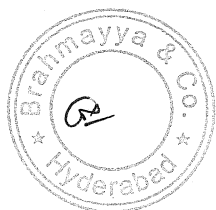
Depreciation on Property, Plant and Equipment is provided based on the useful lives of the assets as estimated by the Management, which are in line with Schedule II to the Companies Act, 2013

Estimated useful life of the assets are as follows:

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

**d) Impairment of non-financial assets:**

- 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.
- 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:**

**a. Operating lease:**

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

**b. Finance Lease:**

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

**Accounting of Operating leases:**

**a. Where the Company is the lessee:**

Lease payment in case of operating leases are charged to profit and loss statement on Straight Line Basis over the lease term. In case the escalation in operating lease payments are in line with the expected general inflation rate then the lease payments are charged to statement of profit and loss instead of straight line method.

**b. where the Company is the lessor:**

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

**f) Inventories:**

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



**g) Revenue recognition:**

Revenue 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:

- 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.

**h) Government Grants and Subsidies:**

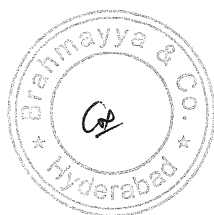
Government grants and subsidies are recognised where there is reasonable assurance that the grant/subsidy will be received, and all attached conditions will be complied with.

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

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

**i) Foreign Currency Transactions:**

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



**j) Borrowing Costs:**

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

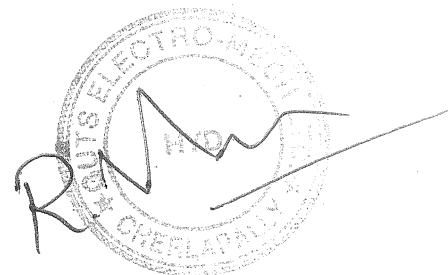
**k) Retirement and other employee benefits:**

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

**l) Earnings Per Share:**

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

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



**m) Provisions:**

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

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

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

**n) Contingencies:**

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

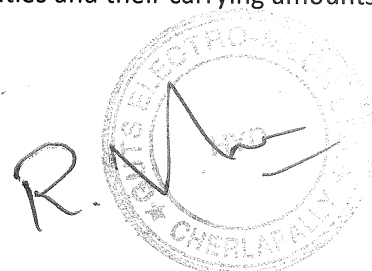
**o) Decommissioning Liability:**

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

**p) Taxes on Income:**

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

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



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

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

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

**q) Prior period items:**

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

**r) Cash and cash equivalents:**

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

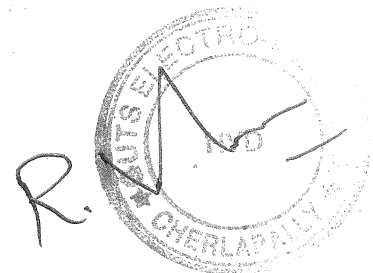
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**s) Segment Reporting:**

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

**t) Financial instruments:**

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



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

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

**b. Subsequent measurement:**

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

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

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

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

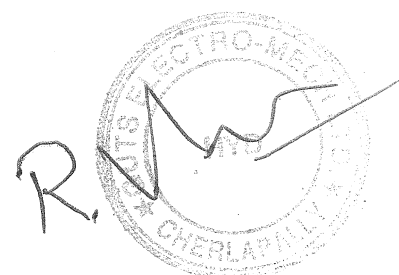
- i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

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





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

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

**c. Derecognition:**

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

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

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

**d. Impairment of financial assets:**

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

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

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

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



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

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

**b. Subsequent measurement:****i. Financial liabilities at fair value through profit or loss**

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

**ii. Financial liabilities at amortised cost:**

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

**c. Derecognition:**

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

**Reclassification:**

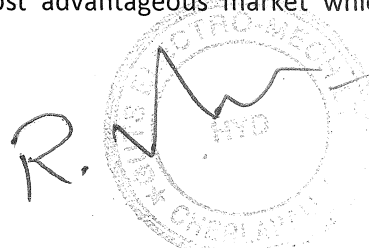
The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. If the Company reclassifies financial assets, it applies the reclassification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

**t) Fair Value Measurement:**

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

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

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



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

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

4 PROPERTY, PLANT AND EQUIPMENT

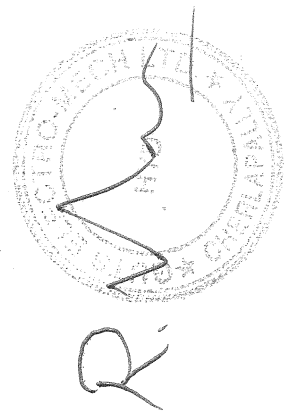
Sl. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		As at 01.04.2018	Additions	Deletions	As at 31.03.2019	Up to 31.03.2018	for the year on Deletions	Up to 31.03.2019	As at 31.03.2018
01	Land	3,35,175	-	-	3,35,175	-	-	-	3,35,175
02	Buildings	1,77,13,191	12,72,014	-	1,89,85,205	44,16,227	5,29,637	49,45,864	1,40,39,341
03	Plant and Equipment *	6,95,94,828	34,46,154	40,000	7,30,00,982	2,15,64,320	44,40,108	2,59,88,864	4,80,30,508
04	Electrical Fittings	4,15,046	10,05,092	-	14,20,138	2,89,041	44,502	3,33,543	10,86,595
05	Office Equipment*	25,12,757	16,09,547	-	41,22,304	18,51,349	3,95,963	22,47,312	18,74,992
06	Tools and Equipments*	78,42,583	20,54,247	-	98,96,830	34,44,997	6,76,369	41,21,366	57,75,464
07	Data Processing equipment*	19,16,767	7,38,456	-	26,55,223	12,16,006	1,89,927	14,05,933	12,49,290
08	Furniture and fixtures*	8,25,995	13,43,095	-	21,69,090	5,01,699	1,43,893	6,45,592	15,23,498
09	Vehicles	14,76,221	-	-	14,76,221	3,45,935	1,75,181	5,21,116	9,55,105
	<b>Grand Total</b>	<b>10,26,32,563</b>	<b>1,14,68,605</b>	<b>40,000</b>	<b>11,40,61,168</b>	<b>3,36,29,574</b>	<b>65,95,580</b>	<b>4,02,09,590</b>	<b>7,38,51,578</b>
	<b>Previous year</b>	<b>10,77,80,905</b>	<b>32,41,907</b>	<b>83,90,249</b>	<b>10,26,32,563</b>	<b>2,98,27,361</b>	<b>62,33,788</b>	<b>3,36,29,574</b>	<b>6,90,02,989</b>
									<b>7,79,53,544</b>

5 INTANGIBLE ASSETS

Sl. No.	PARTICULARS	GROSS BLOCK			AMORTISATION			NET BLOCK	
		As at 01.04.2018	Additions	Deletions	As at 31.03.2019	Up to 31.03.2018	for the year on Deletions	Up to 31.03.2019	As at 31.03.2018
01	Computer Software	-	7,11,468	-	7,11,468	-	27,596	27,596	6,83,872
	<b>Grand Total</b>	<b>-</b>	<b>7,11,468</b>	<b>-</b>	<b>7,11,468</b>	<b>-</b>	<b>27,596</b>	<b>27,596</b>	<b>6,83,872</b>
	<b>Previous year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*

Include the following (Gross Value)	Given on Lease as at		with Job Workers as at	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Plant and Equipment	58,55,151	50,39,085	1,07,18,933	1,03,91,876
Office Equipment	89,370	79,065	4,590	-
Tools and Equipments	8,15,463	5,54,000	9,04,877	2,98,319
Data Processing equipment	1,32,764	1,32,764	-	-
Furniture and fixtures	14,850	-	13,000	-
<b>TOTAL</b>	<b>69,07,598</b>	<b>58,04,914</b>	<b>1,16,41,400</b>	<b>1,06,90,195</b>



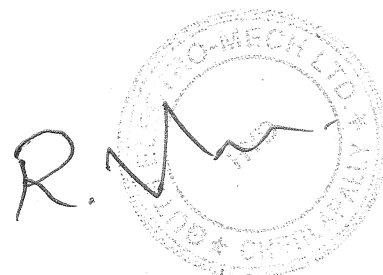
## GUTS ELECTRO MECH LIMITED

CIN: U52520TG1987PLC007245

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ₹

Note No	Particulars	As at March 31, 2019	As at March 31, 2018
<b>6</b>	<b>Other Non Current Financial Assets:</b>		
	Security Deposits	2,47,386	2,47,386
	<b>Total</b>	<b>2,47,386</b>	<b>2,47,386</b>
<b>7</b>	<b>Deferred Taxes:</b>		
	<i>Net deferred tax recognised in Balance Sheet</i>		
	Fair value of financial assets/liabilities	25,09,415	34,96,427
	Accelerated depreciation	(56,23,679)	(36,39,306)
	Other disallowances	52,85,541	1,13,73,684
	Carry forward Losses	-	31,77,337
	<b>Total</b>	<b>21,71,277</b>	<b>1,44,08,142</b>
	<i>Movement in Deferred Taxes</i>		
	Deferred tax asset/(liability) - Profit and loss	(1,21,86,446)	(66,79,954)
	Deferred tax asset/(liability) - OCI	(50,419)	(1,21,042)
	<b>Total</b>	<b>(1,22,36,865)</b>	<b>(68,00,996)</b>
<b>8</b>	<b>Other Non Current Assets:</b>		
	Prepaid Lease Rentals	31,47,349	31,85,474
	Capital Equipment in Transit	1,95,277	-
	Capital advances	18,72,936	-
	<b>Total</b>	<b>52,15,562</b>	<b>31,85,474</b>
<b>9</b>	<b>Inventories:</b>		
	Raw Materials at cost *	4,40,89,378	4,55,66,768
	Raw Materials in Transit at cost	-	24,152
	Work in Progress at cost**	2,49,58,730	2,44,25,270
	Finished Goods at cost	65,25,598	38,99,902
	Stock of Scrap at Realisable Value***	4,92,974	12,37,177
	<b>Total</b>	<b>7,60,66,680</b>	<b>7,51,53,269</b>
	* includes with Job Workers	92,21,701	42,84,132
	** includes with Job Workers	49,32,284	65,03,223
	***includes with Job Workers	2,71,247	2,06,135



## GUTS ELECTRO MECH LIMITED

CIN: U52520TG1987PLC007245

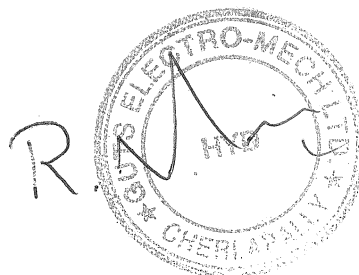
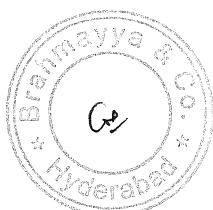
## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in ₹

Note No	Particulars	As at March 31, 2019	As at March 31, 2018
<b>10</b>	<b>Trade Receivables:</b>		
	Considered Good		
	Due from Related Parties	-	1,46,97,363
	Due from Others	4,69,83,755	4,52,16,901
		<u>4,69,83,755</u>	<u>5,99,14,264</u>
	With Significant Increase in Credit Risk		
	Due from Others	26,57,135	75,45,867
	Less: Expected Credit Loss on above	18,90,997	48,37,285
		<u>7,66,138</u>	<u>27,08,582</u>
	Credit Impaired		
	Due from Others	71,29,186	88,16,073
	Less: Expected Credit Loss on above	71,29,186	88,16,073
		<u>-</u>	<u>-</u>
	<b>Total</b>	<b><u>4,77,49,893</u></b>	<b><u>6,26,22,846</u></b>
<b>11</b>	<b>Cash and cash equivalents:</b>		
	Balances with banks		
	Current Accounts	1,02,95,248	33,89,705
	Cash on Hand	1,22,898	62,150
	<b>Total</b>	<b><u>1,04,18,146</u></b>	<b><u>34,51,855</u></b>
<b>12</b>	<b>Other financial assets - Current:</b>		
	Other advances	3,00,000	-
	Staff Advances	5,000	33,728
	Security Deposits	1,000	1,000
	Other Receivables	18,53,693	12,29,741
	<b>Total</b>	<b><u>21,59,693</u></b>	<b><u>12,64,469</u></b>
<b>13</b>	<b>Other Current Assets:</b>		
	Advance for Purchases and Expenses	1,24,16,129	1,10,35,127
	Less: Provision for Doubtful Advance	(79,34,997)	-
	Balance with Statutory Authorities	59,47,697	1,23,34,400
	Prepaid Expenses	29,67,664	3,00,859
	Prepaid Lease Rentals	38,125	38,125
	<b>Total</b>	<b><u>1,34,34,618</u></b>	<b><u>2,37,08,511</u></b>

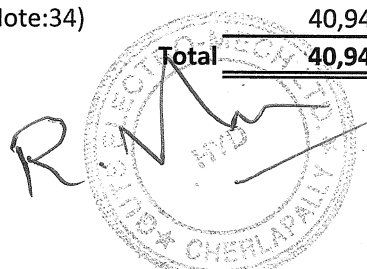


Note No.	Particulars	As at March 31, 2019	As at March 31, 2018
<b>14</b>	<b>Equity Share Capital:</b>		
A.	<b>Authorised Share Capital:</b>		
	2,000,000 Equity Shares of ₹ 10/- each	2,00,00,000	2,00,00,000
		<b>2,00,00,000</b>	<b>2,00,00,000</b>
B.	<b>Issued, Subscribed and Fully Paid up share capital:</b>		
	1,359,636 Equity Shares of ₹ 10/- each	-	-
	1,965,842 Equity Shares of ₹ 10/- each	1,96,58,420	1,96,58,420
	<b>Total</b>	<b>1,96,58,420</b>	<b>1,96,58,420</b>
C.	<b>Reconciliation of the shares outstanding at the beginning and at the end of year:</b>		
	<b>In no. of Shares</b>		
	At the Beginning of the Year	19,65,842	13,59,636
	Add: Issued During the Year	-	6,06,206
	At the end of the Year	19,65,842	19,65,842
	<b>In value of Shares</b>		
	At the Beginning of the Year	1,96,58,420	1,35,96,360
	Add: Issued During the Year	-	60,62,060
	At the end of the Year	1,96,58,420	1,96,58,420
D.	<b>Rights attached to the Equity Shares:</b>		
	The company has only one class of equity shares having a face value of ₹ 10/- per share with one vote per each share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.		
	In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
E.	<b>Shares held by Holding Company:</b>		
	V-Guard Industries Limited -in numbers	14,54,223	14,54,223
F.	<b>Details of Shareholders holding more than 5% shares in the company:</b>		
	<b>Equity Shares:</b>		
a.	R B V S Arun Kumar -in numbers	5,11,119	5,11,119
	- In percentage	26.00	26.00
b.	V-Guard Industries Limited -in numbers	14,54,723	14,54,723
	- In percentage	74.00	74.00



**GUTS ELECTRO MECH LIMITED**
**CIN: U52520TG1987PLC007245**
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

Note No	Particulars	Amount in ₹	
		As at March 31, 2019	As at March 31, 2018
<b>15</b>	<b>Other Equity:</b>		
	Additional Investment from the Parent Company	2,226,849	626,849
	Capital Reserve (Industrial Subsidy)		
	At the beginning and at end of the Year	379,240	379,240
	Securities Premium		
	At the beginning of the Year	23,861,228	4,159,533
	Addition During the Year	-	19,701,695
	At the end of the Year	23,861,228	23,861,228
	Surplus in Statement of Profit and Loss		
	At the beginning of the Year	(28,009,173)	(25,153,872)
	Adjustment due to adoption of IndAS		-
	Profit for the year	31,114,296	(2,855,301)
	At the end of the Year	3,105,123	(28,009,173)
	Other Comprehensive Income		
	On actuarial Gain/(loss) on post employment benefits		
	At the beginning of the Year	100,080	(248,945)
	Profit transferred from the statement of Profit and loss	130,814	349,025
	At the end of the Year	230,894	100,080
	<b>Total</b>	<b>29,803,334</b>	<b>(3,041,776)</b>
<b>16</b>	<b>Borrowings - Non Current:</b>		
	Un Secured loans:		
	From Financial Institutions and Others	-	1,003,405
	Less: Current Maturities		1,003,405
	<b>Total</b>	<b>-</b>	<b>-</b>
<b>17</b>	<b>Provisions - Non Current:</b>		
	Provision for employee benefits		
	Provision for compensated absences	339,807	300,609
	Provision for Gratuity (refer Note:37)	2,317,402	1,941,667
	Other Provisions		
	De-commissioning liability	1,055,781	959,801
	<b>Total</b>	<b>3,712,990</b>	<b>3,202,077</b>
<b>18</b>	<b>Borrowings - Current:</b>		
	<b>(Secured from Banks)</b>		
	Loans repayable on demand		
	from ICICI Bank Limited - Cash Credit (refer Note:34)	40,944,164	46,886,962
	<b>Total</b>	<b>40,944,164</b>	<b>46,886,962</b>





## GUTS ELECTRO MECH LIMITED

CIN: U52520TG1987PLC007245

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note No	Particulars	Amount in ₹	
		As at March 31, 2019	As at March 31, 2018
<b>19</b>	<b>Trade Payables - Current: (refer Note:35)</b>		
	<b>For Supplies and Services</b>		
	Related Parties	277,489	2,397,633
	Others	61,215,694	72,206,215
	<b>Total</b>	<b>61,493,183</b>	<b>74,603,848</b>
<b>20</b>	<b>Other financial liabilities - Current:</b>		
	Salaries and Wages payable		
	Others	574,761	1,542,630
	Related Parties	182,345	211,535
	Current maturities of long term borrowings	-	1,003,405
	Interest Accrued But not Due	-	13,861
	Other liabilities:		
	Dues to others	687,175	683,308
	Due to Related Parties	-	18,000
	<b>Total</b>	<b>1,444,281</b>	<b>3,472,739</b>
<b>21</b>	<b>Other current liabilities:</b>		
	Advance from Customers		
	from related parties	51,456,731	56,893,245
	from others	-	3,345,138
	Statutory Liabilities		
	Service Tax Payable	66,796	702,144
	GST payable	3,612,468	8,956,975
	Withholding Taxes Payable	468,985	414,547
	Other Statutory Dues	206,036	251,755
	<b>Total</b>	<b>55,811,016</b>	<b>70,563,804</b>
<b>22</b>	<b>Provisions - Current:</b>		
	Provision for employee benefits		
	Provision for Compensated absences	85,869	97,303
	Provision for Gratuity (refer Note:37)	201,498	535,215
	Other provisions		
	Provision for Customs Duty and interest Payable	-	21,500,000
	Provision for sales Tax	-	10,493,000
	Provision for Warranties	4,254,099	1,835,150
	<b>Total</b>	<b>4,541,466</b>	<b>34,460,668</b>
<b>23</b>	<b>Commitments and Contingent Liabilities:</b>		
	<b>i.Capital commitments(Net of advances)</b>		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	402,574	-
	<b>ii.Commitments</b>		
	Export obligation against imports	16,479,094	-

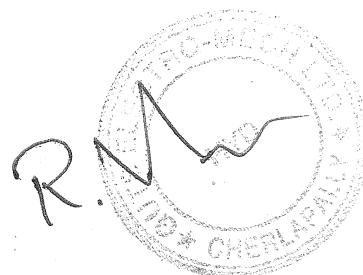
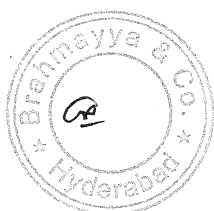


## GUTS ELECTRO MECH LIMITED

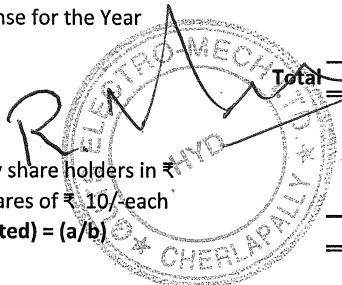
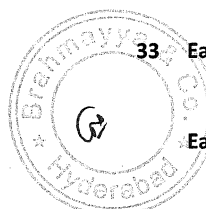
CIN: U52520TG1987PLC007245

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note No	Particulars	Amount in ₹	
		For the year ended March 31, 2019	For the year ended March 31, 2018
<b>24</b>	<b>Revenue from Operations:</b>		
	<i>Sale of Products (Net of Returns)</i>		
	Finished Goods	57,30,12,862	45,07,73,268
	<i>Other Operating Income</i>		
	Packing and Insurance Charges recovered	3,04,500	5,55,553
	Sale of Scrap	2,89,32,885	1,97,28,637
	<b>Total</b>	<b>60,22,50,247</b>	<b>47,10,57,458</b>
<b>25</b>	<b>Other Income:</b>		
	Interest Income:		
	on Bank Deposits	9,373	10,179
	on others	17,073	-
	Other Non-operating Income (Net of Expenses)		
	Profit on Sale of Inventory	3,82,448	-
	Equipment hire charges	1,56,000	1,30,000
	Excess Provisions Written Back	1,17,54,738	9,90,456
	Expected Credit loss on trade receivables written back	46,33,174	8,22,709
	Credit Balances no longer payable Written Back	8,64,617	14,13,012
	Advances no longer payable Written Back	-	10,40,000
	Profit on Sale of Fixed Assets	10,310	-
	Foreign Exchange Gain	-	6,02,537
	Miscellaneous Receipts	1,43,845	13,419
	<b>Total</b>	<b>1,79,71,578</b>	<b>50,22,312</b>
<b>26</b>	<b>Cost of Material Consumed:</b>		
	Inventory at the beginning of the year	4,55,66,768	2,68,52,499
	Add : Purchases	39,75,01,716	32,69,14,417
		44,30,68,484	35,37,66,916
	Less: Cost of inventory sold as such	24,52,433	-
	Less: Inventory at the end of the year	4,40,89,378	4,55,66,768
	<b>Total</b>	<b>39,65,26,673</b>	<b>30,82,00,148</b>
<b>27</b>	<b>Changes in inventories of Stock-In-Trade:</b>		
	Inventory at the beginning of the Year		
	Finished Goods	38,99,902	26,71,903
	Work in Progress	2,44,25,270	2,18,68,219
	Scrap	12,37,177	-
		2,95,62,349	2,45,40,122
	Inventory at the end of the Year		
	Finished Goods	65,25,598	38,99,902
	Work in Progress	2,49,58,730	2,44,25,270
	Scrap	4,92,974	12,37,177
		3,19,77,302	2,95,62,349
	<b>Total</b>	<b>(24,14,953)</b>	<b>(50,22,227)</b>
<b>28</b>	<b>Employee Benefits Expense:</b>		
	Salaries, Wages and Bonus	3,07,56,894	2,76,86,173
	Contribution to Provident and Other Funds	14,94,736	20,70,892
	Staff Welfare Expenses	8,66,027	7,98,341
	Gratuity	5,89,958	7,80,772
	<b>Total</b>	<b>3,37,07,615</b>	<b>3,13,36,178</b>



		Amount in ₹	
Note No	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>29</b>	<b>Finance Costs</b>		
	Interest on borrowings	4,074,580	6,410,016
	Other borrowing Costs	-	176,167
	Bank Charges and Commission	739,943	499,674
	Guarantee Commission	1,600,000	626,849
	Interest cost on de-commissioning liability	95,980	87,255
	Amortisation of Upfront Fee	-	38,170
	<b>Total</b>	<b>6,510,503</b>	<b>7,838,131</b>
<b>30</b>	<b>Depreciation and amortisation expense:</b>		
	Depreciation on Property ,Plant and Equipment	6,595,580	6,595,580
	Amortisation of Intangible Assets	27,596	-
	<b>Total</b>	<b>6,623,176</b>	<b>6,233,788</b>
<b>31</b>	<b>Other expenses:</b>		
	Manufacturing Expenses:		
	Power and Fuel	1,971,704	2,055,376
	Job work Charges	68,996,193	58,313,469
	Home work Charges	1,059,151	910,880
	Stores Consumption	1,360,172	968,367
	Machinery	880,090	939,100
	Rental expenditure		
	Rents accrued	8,228	104,790
	Amorisation of Prepaid Lease Rentals	38,125	38,125
	Repairs and maintenance		
	Buildings	967,861	169,289
	Other Assets	856,831	288,734
	Payments to Auditors		
	as auditors	200,000	125,000
	Certification Fee	45,000	-
	Provisions for:		
	Advances	7,934,997	-
	Warranties	2,418,949	1,835,150
	Customs Duty and Interest payable thereon	-	10,000,000
	Written off of:		
	Advances	454,136	9,972,595
	Debit Balances	297,164	1,287,329
	Bad debts	5,203,685	685,712
	Propert ,Plant and Equipment	-	5,958,674
	Rates and Taxes	8,342,408	15,961,440
	Others		
	Freight and Transportation	2,486,417	4,332,976
	Insurance	381,079	94,143
	Travelling and Conveyance	624,265	466,543
	Legal and professional charges	4,430,400	2,021,230
	Loss on Foreign Exchange Fluctuations (Net)	3,450,734	-
	Penalty	2,892,728	1,131,504
	Miscellaneous expenses	4,667,752	2,758,673
	<b>Total</b>	<b>119,968,069</b>	<b>120,419,099</b>
<b>32</b>	<b>Other comprehensive income:</b>		
	Actuarial Gain/(Losses) on Gratuity Expense for the Year	181,233	470,067
	Deferred Taxes on above	(50,419)	(121,042)
	<b>Total</b>	<b>130,814</b>	<b>349,025</b>
<b>33</b>	<b>Earnings Per Equity Share:</b>		
	Profit for the Year attributable to equity share holders in ₹	31,114,296	(2,855,301)
	Weighted average number of equity shares of ₹ 10/-each	1,965,842	1,713,395
	<b>Earnings per equity share (Basic and Diluted) = (a/b)</b>	<b>15.83</b>	<b>(1.67)</b>



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.

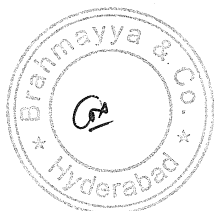
**Collateral Security:**

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

**Interest and Repayment Terms:**

- Cash Credit carries interest @ MCLR+0.70% per annum and is repayable on demand.
- Term Loan carries interest @ MCLR+0.65% per annum with monthly resting and shall be repaid in 16 equal quarterly instalments after the initial moratorium of one year from the date of disbursement till the final maturity date.
- The present MCLR is 8%

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. There are no amounts due to them as at the end of the year and there is no interest paid/payable during the year by the Company in terms of section 16 of the said Act.

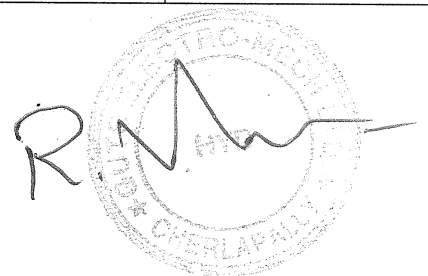
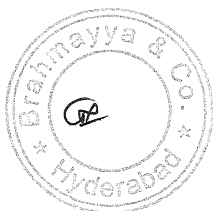


## 36. Movements in Provisions:

Particulars	Amount in ₹	
	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Gratuity: (Refer Note: 37 also)</b>		
At the beginning of the year	2,476,882	6,503,464
Charge for the year	408,725	310,705
Released during the year	(366,707)	(4,337,287)
<b>At the end of the year</b>	<b>2,518,900</b>	<b>2,476,882</b>
<b>Compensated Absences:</b>		
At the beginning of the year	397,912	--
Charge for the year	88,156	929,388
Released during the year	(60,392)	(531,476)
<b>At the end of the year</b>	<b>425,676</b>	<b>397,912</b>
<b>Warranties:</b>		
At the beginning of the year	1,835,150	--
Charge for the year	2,418,949	1,835,150
Released during the year	--	--
<b>At the end of the year</b>	<b>4,254,099</b>	<b>1,835,150</b>

## 37. Retirement and other Benefit Obligations:

		Amount in ₹	
Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
<b>A. Defined Contribution Plan (Expenses)</b>			
Contribution to Provident Fund		1,087,299	1,367,894
Contribution to Employee State Insurance		361,831	630,961
<b>B. Post – employment Defined Benefit Plan (Gratuity)</b>			
			Amount in ₹
	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>1. Movement in Obligation</b>			
	Present Value of Obligation at the beginning of year	2,476,882	6,503,464
	Current Service Cost	406,477	433,986
	Interest Cost	183,482	346,786
	Benefits Paid	(366,707)	(4,337,287)
	Actuarial (Gain)/Loss on Obligation	(181,234)	(470,067)
	<b>Present Value of Obligation at the end of year</b>	<b>2,518,900</b>	<b>2,476,882</b>



2.	Expenses recognised in Profit and Loss Statement:	For the year ended March 31, 2019	For the year ended March 31, 2018
	Current Service Cost	406,476	433,986
	Net Interest Cost	183,482	346,786
	<b>Expense for the year</b>	<b>589,959</b>	<b>780,772</b>

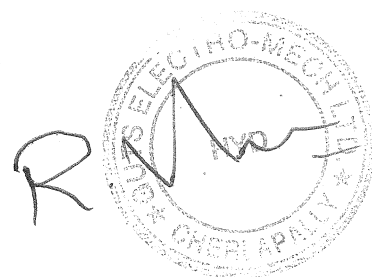
3.	Recognised in Other Comprehensive Income:		
	Actuarial (Gain) /loss for the year	(181,234)	(470,067)
	<b>Total Expenditure recognised</b>	<b>(181,234)</b>	<b>(470,067)</b>

4.	Actuarial Assumptions for estimating Company's Defined Benefit Obligation:		
	a. Attrition Rate	PS: 0 to 40: 10 %	PS: 0 to 40: 10 %
	b. Discount Rate	7.65%	8.00%
	c. Expected Rate of Increase in Salary	8.60%	8.60%
	d. Expected Rate of return on Plan Assets	NA	NA
	e. Mortality Rate	IALM (2006-08) Ult.	IALM (2006-08) Ult.
	f. Expected Average remaining working lives of employees (years)	25.45	27.00

5.	Sensitivity Analysis	Amount in ₹	
	<b>Sensitivity</b>	<b>Change</b>	<b>Effect on obligations</b>
	Discount Rate	+1%	(191,294)
		-1%	221,732
	Salary Escalation Rate	+1%	230,145
		-1%	(202,183)

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	201,498	535,215
	Expected payments – 2nd Year	217,717	176,974
	Expected payments – 3rd Year	377,544	190,029
	Expected payments – 4th Year	205,590	336,845
	Expected payments – 5th Year	203,951	178,248
	Expected payments – 6th year to 10th Year	1,135,896	873,956



8. Other Information:

i. Plan Assets:

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

ii. Present value of defined benefit obligation:

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

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

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

iv. Current and Non- Current Liability:

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

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

Particulars	Amount in ₹	
	As at March 31, 2019	As at March 31, 2018
<b><u>Gratuity: -</u></b>		
a. Current Portion	201,498	535,215
b. Non-current portion	2,317,402	1,941,666
<b><u>Compensated Absences: -</u></b>		
a. Current Portion	85,869	97,303
b. Non-current portion	339,807	300,609

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

38. Income tax expense and Deferred Taxes

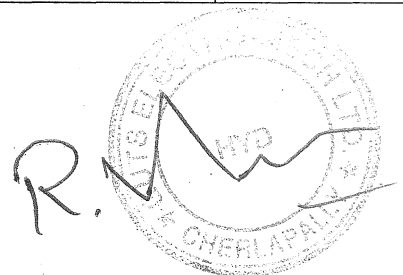
Particulars		Amount in ₹	
		For the year ended March 31, 2019	For the year ended March 31, 2018
<b><u>Income Tax Expense: -</u></b>			
a.	Current Tax	16,000,000	3,250,000
b.	Deferred Tax (arising on temporary differences)	12,236,865	6,800,996
<b>Total Tax Expense for the year</b>		<b>28,236,865</b>	<b>9,950,996</b>



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Particulars	Amount in ₹	
	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Effective Tax Reconciliation: -</b>		
a. Net Profit/(Loss) before taxes	59,481,975	7,544,720
b. Tax rate applicable to the company as per normal provisions	27.82%	27.55%
c. Tax expense on net profit (c = a*b)	<b>16,547,885</b>	<b>2,078,759</b>
d. Increase/(decrease) in tax expenses on account of:		
i. Accelerated Depreciation	(817,647)	(706,511)
ii. Expenses not allowed under income tax	3,637,731	2,192,455
iii. Expenses that are allowed under payment basis	29,641	2,950,492
iv. Other allowances	(4,553,970)	(226,677)
v. Adjustment of brought forward losses	--	(3,399,751)
vi. Other adjustments	338,713	361,233
Total Increase/(decrease) in tax expenses (d)	<b>(547,885)</b>	<b>1,171,241</b>
e. Tax as per normal provision under Income tax (c + d)	<b>16,000,000</b>	<b>3,250,000</b>

<b>Deferred Taxes: -</b>	<b>For the year ended March 31, 2019</b>	<b>For the year ended March 31, 2018</b>
<b>As on the reporting date:</b>		
a. On OCI Component		
-Actuarial Gain/(Losses) on Defined Benefit Plans	(50,419)	(121,042)
b. Other than OCI component		
-Difference in WDV of fixed assets	(5,623,679)	(3,639,306)
-Fair Value of Financial Assets/liabilities	2,509,415	3,496,427
-Other disallowances	5,335,960	11,494,726
-Brought Forward Losses	--	3,177,337
c. Total for the year	<b>2,171,277</b>	<b>14,408,142</b>
<b>Expense/(Income) Recognised for the year ended:</b>		
a. Deferred tax liability/(asset) recognised in statement of profit and loss:	12,186,446	6,679,954
b. Deferred tax recognised in Other Comprehensive Income	50,419	121,042
c. Deferred tax recognised in Total Comprehensive Income	<b>12,236,865</b>	<b>6,800,996</b>





## 39. Fair Value of financial instruments:

Particulars	Amount in ₹	
	As at March 31, 2019	As at March 31, 2018
<b>Financial Assets: -</b>		
<b>At Amortised Cost</b>		
Security Deposits	248,386	248,386
Employee Staff Advance	5,000	33,728
<b>Carrying Value</b>		
Security Deposits	248,386	248,386
Employee Staff Advance	5,000	33,728

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.

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):

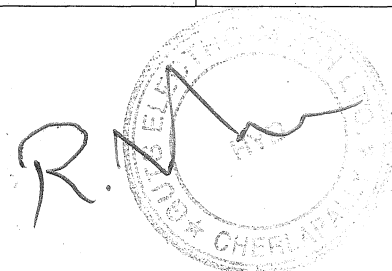
All the non-current Security Deposits are with no repayment terms. Hence the carrying value is assumed to be the fair value of such Deposits.

## 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, 2019:

Particulars	Total	Amount in ₹	
		Fair Value measurement using	
		Quoted prices in active markets	Significant observable inputs
<b>Financial Assets measured at Amortised Cost:</b>			
Security Deposits	248,386		248,386
Employee Staff Advance	5,000		5,000



Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2018:

Amount in ₹

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

#### 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 Electro Mechanical Items". Hence segment information is not applicable.

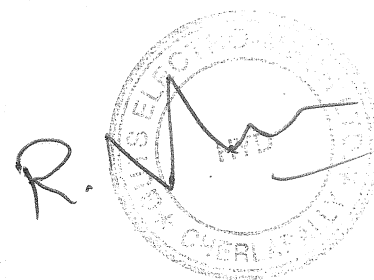
#### Entity Wide Disclosures:

Amount in ₹

Revenue from external customers	For the year ended March 31, 2019	For the year ended March 31, 2018
India	478,920,427	359,961,275
Outside India	94,092,435	90,811,993
<b>Total</b>	<b>573,012,862</b>	<b>450,773,268</b>
Revenue from one customer amounts to	325,966,053	307,344,953

Non-Current Operating Assets	As at March 31, 2019	As at March 31, 2018
India	81,157,862	72,188,463
Outside India	--	--
<b>Total</b>	<b>81,157,862</b>	<b>72,188,463</b>

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:**

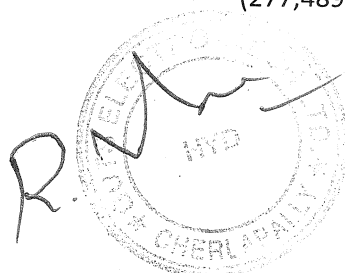
- |      |                          |  |                             |
|------|--------------------------|--|-----------------------------|
| i)   | Key Management Personnel | : Mr. RBVS Arun Kumar  | : Managing Director         |
|      |                          | : Mrs. R. Vidya Arun   | : Wife of Managing Director |
|      |                          | : Mr. A. Jacob Kuruvilla   | : Director                  |
|      |                          | : Dr. George Sreeba  | : 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	31.03.2019	31.03.2018	
<b>i) Key Management Personnel</b>			
<b>Mr. RBVS Arun Kumar</b>			
Remuneration	3,444,976	2,669,039	
<b>Mrs. R. Vidya Arun</b>			
Remuneration	--	469,675	
<b>Mr. A Jacob Kuruvilla</b>			
Sitting Fee	40,000	40,000	
<b>Dr. George Sreeba</b>			
Sitting Fee	40,000	40,000	
<b>ii) Parent Company</b>			
<b>M/s. V-Guard Industries Limited</b>			
Shares Issued	--	25,763,755	
Sale of Goods (net of returns)	325,966,053	192,315,536	
Advances received (net)	51,456,731	56,893,245	
Corporate Guarantee availed	--	80,000,000	
Guarantee Commission Paid	1,600,000	626,849	
<b>iii) Other Related Parties</b>			
<b>M/s. Sri Vidyahitha</b>			
Equipment Lease earned	156,000	130,000	
Services Availed (Job work)	32,613,297	27,211,829	

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

1.	Mr. RBVS Arun Kumar	(182,345)	(211,535)
2.	Mr. A. Jacob Kuruvilla	--	(9,000)
3.	Dr. George Sreeba	--	(9,000)
4.	M/s. V-Guard Industries Limited	(51,456,731)	(42,195,882)
5.	M/s. Sri Vidyahitha	(277,489)	(2,397,633)



**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:**

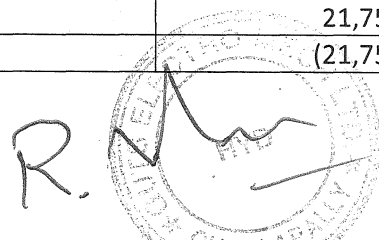
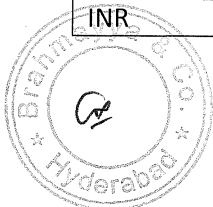
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating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

**Interest rate sensitivity**

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

Amount in ₹		
	Movement in basis points	Impact on profit before tax
<b>31 March, 2019</b>		
INR	+50	--
INR	-50	--
<b>31 March, 2018</b>		
INR	+50	21,752
INR	-50	(21,752)



**b. Foreign Currency Risk:**

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

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

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

Particulars	Change in Rate	Amount in ₹	
		For the year ended March 31, 2019	For the year ended March 31, 2018
USD	+5.00 %	(855,182)	(400,655)
	-5.00 %	855,182	400,655

**c. Other price risk:**

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

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

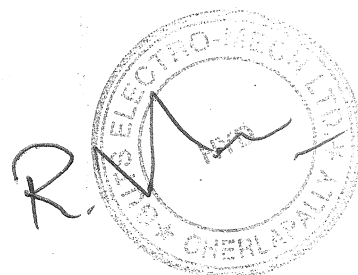
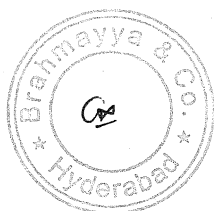
**ii. Credit risk:**

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

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

**a. Exposure to credit risk:**

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



**b. Credit risk concentration profile:**

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

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

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

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

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

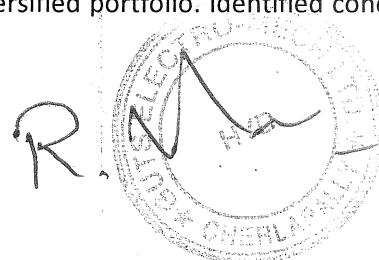
The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Amount in ₹			
Particulars	On demand	< 12 months	1 to 5 years	Total
<b>Year ended 31 March, 2019</b>				
Borrowings – Non-Current	--	--	--	--
Borrowings – Current	40,944,164	--	--	<b>40,944,164</b>
Trade Payables	--	59,851,184	--	<b>59,851,184</b>
Other financial liabilities	--	1,444,281	--	<b>1,444,281</b>
<b>Year ended 31 March, 2018</b>				
Borrowings – Non-Current	--	1,003,405	--	<b>1,003,405</b>
Borrowings – Current	46,886,962	--	--	<b>46,886,962</b>
Trade Payables	--	74,603,848	--	<b>74,603,848</b>
Other financial liabilities	--	2,469,334	--	<b>2,469,334</b>

**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.

Particulars	Amount in ₹	
	As at March 31, 2019	As at March 31, 2018
Total Borrowings #	40,944,164	47,890,367
<b>Net Debt</b>	<b>40,944,164</b>	<b>47,890,367</b>
Equity	19,658,420	19,658,420
Other Equity	29,803,334	(3,041,776)
<b>Total Equity</b>	<b>49,461,754</b>	<b>16,616,644</b>
Gearing ratio	45.29%	74.24%

# 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 2019 and 31 March 2018.

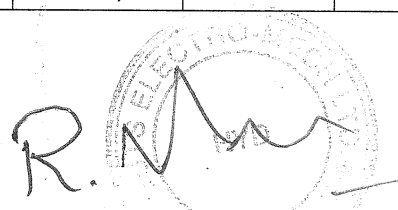
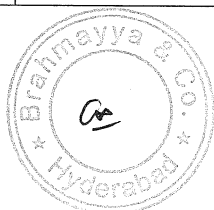
**45. Lease Disclosure:**

**Operating Lease:**

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

**46. Foreign Currency Exposure:**

Particulars		As at March 31, 2019		As at March 31, 2018	
		Foreign Currency	Amount in ₹	Foreign Currency	Amount in ₹
<b>Exposure in USD (\$)</b>					
<b>Receivables:</b>					
a	Export of goods	255,547	17,676,502	334,951	21,786,603
b	Advance to Suppliers	155,924	10,442,926	101,919	6,576,914
<b>Payables:</b>					
a	Import of Goods	517,493	35,627,324	458,146	29,799,707
<b>Exposure in Chinese Yuan (CNY)</b>					
<b>Receivables:</b>					
a.	Advance to Suppliers	3,621	39,100	--	--



47. Standards Issued but not yet effective:

Ministry of Corporate Affairs (MCA) through Companies (Indian Accounting Standards) Amendment Rules, 2019 dated March 30, 2019 has notified the Ind AS 116 – Leases effective from 01.04.2019

a. Ind AS 116 - Leases

Ind AS 116 will supersede the current standard Ind AS 17 -Leases and the related interpretations. Ind AS 116 sets out the principles for recognition, measurement, presentation and disclosure of Leases.

b. The MCA has also carried out amendments to the following Indian Accounting Standards

- i. Ind AS 103 : Business Combinations
- ii. Ind AS 109 : Financial Instruments
- iii. Ind AS 111 : Joint Arrangements
- iv. Ind AS 12 : Income Taxes
- v. Ind AS 19 : Employee Benefits
- vi. Ind AS 23 : Borrowing Costs
- vii. Ind AS 28 : Investments in Associates and Joint Ventures.

The company has not applied the above accounting standard and other amendments as they come into force from April 01, 2019.

The company has evaluated the impact of the above amendments on its financial statements and found to be insignificant in nature.

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

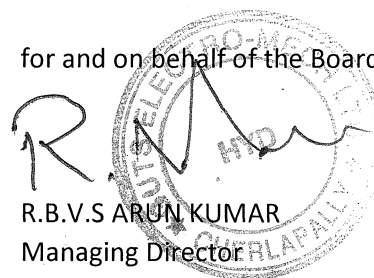


(P. CHANDRAMOULI)

Partner

Membership Number:025211

for and on behalf of the Board



R.B.V.S ARUN KUMAR

Managing Director



Dr. GEORGE SLEEBA

Director

Place: Kochi

Date: May 03, 2019