

**INDEPENDENT AUDITOR'S REPORT**

To the Members of **HFCL Technologies Private Limited**

**Report on the Audit of the Standalone Ind AS Financial Statements****Opinion**

We have audited the accompanying Standalone Ind AS Financial Statements of **HFCL Technologies Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2024, the statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the Standalone Ind AS Financial Statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS 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, of the state of affairs of the Company as at March 31, 2024, and profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Ind AS Financial Statements under the provisions of the Companies Act, 2013 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.

**Information Other than the Standalone Ind AS Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the Board's Report including Annexures to Board's Report but does not include the Standalone Ind AS Financial Statements and our auditor's report thereon. The other information comprising the above documents is expected to be made available to us after the date of this auditor's report.

Our opinion on the Standalone Ind AS Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS Financial Statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

When we read the other information comprising the above documents, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as per applicable laws and regulations.

**Management's Responsibility for the Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS 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.

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

#### **Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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 Standalone Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures, and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Ind AS Financial Statements.

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.

#### Report on Other Legal and Regulatory Requirements

A. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

B. 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 except for the matters stated in the paragraph B (vi) below on reporting under Rule 11 (g) of the Companies (Audit & Auditors) Rules, 2014 (as amended).

(c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

(e) On the basis of the written representations received from the directors as on 31st March, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 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 over financial reporting 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 Company has complied with the provisions of section 197 of the Act, in respect of remuneration paid to its directors.

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

i) The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements.

ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

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

iv)

(a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) The Company has not declared or paid any dividend during the year and has not proposed any dividend for the year.

vi) Based on our examination which included test checks and representation made by the management, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility but the same was not enabled for the period 1st April 2023 to 15<sup>th</sup> May 2023 and from 23<sup>rd</sup> May 2023 to 31<sup>st</sup> October 2023. Further, for the periods, where audit trail (edit log) was enabled and operated, during the course of our audit, we did not come across any instance of audit trail feature being tampered with.

**For Oswal Sunil & Company**

Chartered Accountants

Firm Registration No.: 016520N

*Nishant*



**CA Nishant Bhansali**

Partner

Membership No.: 532900

UDIN: 24532900BKAHWS8376

Place: New Delhi

Date: 30.04.2024

## ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

Annexure referred to in paragraph A under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditors' Report of even date to the Members of **HFCL Technologies Private Limited** on the Standalone Ind AS Financial Statements for the year ended 31st March, 2024, we report that:

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

(B) The Company is maintaining proper records showing full particulars of intangible assets.

(b) The Property, Plant and Equipment have been physically verified by the management at reasonable intervals. As per information and explanations given to us, in our opinion, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of records examined by us, the title deeds of the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment are held in the name of the company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) As per information and explanations given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of accounts.

(b) During any point of time of the year, the Company was not sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets.

(iii) The Company has made investments in, provided guarantees, provided security, granted loans and advances in the nature of loans, secured or unsecured, to companies and other parties, as under –

(a) (A) The aggregate amount during the year was ₹ Nil, and balance outstanding at the balance sheet date with respect to such loans and guarantees, etc. to subsidiaries, joint ventures and associates was ₹ Nil.

(B) The aggregate amount during the year was ₹ Nil, and balance outstanding at the balance sheet date with respect to such loans and guarantees, etc. to other than subsidiaries, joint ventures and associates was ₹ Nil.

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, the Company has not made investments or guarantees provided during the year. Under the circumstances, no comment is required on the terms and conditions of the grant of loans and guarantees provided during the year and whether these were, prima facie, prejudicial to the interest of the Company.

(c) There being no loans or advances in the nature of loans given by the Company, the stipulation as to schedule of repayment of principal or of payment of interest, was not applicable.

(d) There being no loans and advances in the nature of loans, the following were out of question – stipulation as to schedule of repayment of principal and payment of interest, the repayments or receipts that were due.

(e) There were no loans or advances in the nature of loans granted to companies, firms, Limited Liability Partnerships or any other parties which had fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.



(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment during the year to its Promoters and related parties as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act").

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of Section 185 and 186 of the Act are applicable and hence not commented upon.

(v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013 for the products of the Company.

(vii) (a) The Company is generally regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities.

(b) According to the information and explanation given to us and records examined by us, there are no statutory dues as referred to above, which have not been deposited on account of any dispute.

(viii) According to the information and explanation given to us, there was no transaction which was not recorded in the books of account and which has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) (a) According to the information and explanations given by the management, the Company has not taken any loan other than interest bearing loan from its Holding Company, which was not due for repayment and the Company has not defaulted in repayment of loan. There was no default in the payment of interest thereon.

(b) The Company is not declared a wilful defaulter by any bank or financial institution or other lender.

(c) As per information and explanations given to us, no term loans were raised for any specific purpose.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

(x) (a) Based on our examinations of the records and information given to us, no money was raised by way of initial public offer or further public offer (including debt instruments) during the year by the Company.

(b) 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 debentures (fully, partially or optionally convertible).



(xi) (a) According to the information and explanations given to us and based on our examination, we report that no fraud by the Company or on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of the **Companies (Audit and Auditors) Rules, 2014** with the Central Government.

(c) According to the information and explanations given to us and based on our examination, there were no whistle-blower complaints received during the year by the Company;

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Standalone Ind AS Financial Statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given by the management, the Company has no internal audit system, the provisions of clause 3(xiv) of the order regarding internal audit system being not applicable to the Company and hence not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with directors.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted any NonBanking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company. According to the information and explanations given to us, there are two Core Investment Companies (CIC) in the Group, viz., 1. MN Ventures (P) Ltd.; 2. Nextwave Communications (P) Ltd.

(xvii) The Company has not incurred cash losses in the financial year ended 31<sup>st</sup> March, 2024 however, in the immediately preceding financial year, the company has incurred cash losses amounting to ₹ 1,19,589/-.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.



We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

**For Oswal Sunil & Company**

Chartered Accountants

Firm Registration No.: 016520N


**CA Nishant Bhansali**

Partner

Membership No.: 532960

UDIN: 24532900BKAHWS8376

Place: New Delhi

Date: 30.04.2024

## **'ANNEXURE B' TO THE INDEPENDENT AUDITORS' REPORT**

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

### **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 over financial reporting of **HFCL Technologies Private Limited** ('the Company') as of 31<sup>st</sup> March, 2024 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control-based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Ind AS Financial Statements.



**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as on 31st March, 2024, based on the internal control over financial reporting 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.

**For Oswal Sunil & Company**

Chartered Accountants

Firm Registration No.: 016520N

*Nishant*  
**CA Nishant Bhansali**

Partner

Membership No.: 532900

UDIN: 24532900BKANWS8176



Place: New Delhi

Date: 30.04.2024

**HFCL TECHNOLOGIES PRIVATE LIMITED**

CIN No. U29309DL2021PTC382794

Balance Sheet as at March 31, 2024

(All amounts are Rs in Lacs)

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Property, Plant & Equipment	3	1,367.45	6.10
(b) Intangible assets (other than Goodwill)	4	0.71	0.96
(c) Preoperative Expenses Pending Allocation	5	2,453.92	1,689.69
(d) Other Non Current Assets	6	2,158.54	2,605.75
<b>Current Assets</b>			
(a) Inventories	7	46.25	-
(b) Financial Assets			
(i) Trade Receivables	8	209.78	-
(ii) Cash & cash equivalents	9	3.80	5.24
(c) Current Tax Assets (Net)	10	0.15	
(d) Other Current Assets	11	265.49	220.21
<b>Total current assets</b>		<b>525.48</b>	<b>225.46</b>
<b>Total Assets</b>		<b>6,506.11</b>	<b>4,527.96</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(i) Equity Share capital	12	100.00	100.00
(ii) Other Equity	13	(11.88)	(30.72)
<b>Total Equity</b>		<b>88.12</b>	<b>69.28</b>
<b>Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	14	6,073.23	4,408.00
(b) Provisions	15	22.28	9.15
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Trade Payables	16		
-total outstanding dues of micro and small enterprises		49.83	-
-total outstanding dues to other than micro and small enterprises		211.41	0.84
(ii) Other Financial Liabilities	17	38.12	18.60
(b) Other current liabilities	18	18.48	18.76
(c) Provisions	19	4.64	3.33
<b>Total current liabilities</b>		<b>322.48</b>	<b>41.54</b>
<b>Total equity and liabilities</b>		<b>6,506.11</b>	<b>4,527.96</b>

As per our report of even date attached

For Oswal Sunil & Company

Chartered Accountants

Firm Registration Number: 016520N

*Nishant*



CA Nishant Bhansali

Partner

Membership No.: 532900

Place : New Delhi

Date : 30.04.2024

For and on behalf of the Board

*Vijay Raj Jain*

Vijay Raj Jain  
Director  
DIN : 00316800

*Arvind Kharabanda*

Arvind Kharabanda  
Managing Director  
DIN : 00052270

*Piyush Kumar*

Piyush Kumar  
Company Secretary  
M.No.: A57513

HFCL TECHNOLOGIES PRIVATE LIMITED

CIN No. U29309DL2021PTC382794

Statement of Profit and Loss for the year ended March 31, 2024

(All amounts are Rs in Lacs)

Particulars		Note No.	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>I.</b>	<b>INCOME</b>			
	Revenue from operations	20	177.78	-
	Other Income	21	20.23	-
	<b>Total Income (I)</b>		<b>198.01</b>	<b>-</b>
<b>II.</b>	<b>EXPENSES</b>			
	Cost of Material Consumed	22	194.15	-
	Change in inventories of finished goods, work-in progress and stock-in trade	23	(37.56)	-
	Employee Benefit Expenses	24	1.73	0.04
	Finance Cost	25	0.22	0.61
	Depreciation and Amortization Expenses	26	0.39	-
	Other Expenses	27	20.53	0.55
	<b>Total Expenses (II)</b>		<b>179.46</b>	<b>1.20</b>
<b>III</b>	<b>Profit / (loss) before exceptional items and income tax (I-II)</b>		<b>18.55</b>	<b>(1.20)</b>
<b>IV</b>	Exceptional item (net of tax)		-	-
<b>V</b>	<b>Profit / (Loss) before tax (III - IV)</b>		<b>18.55</b>	<b>(1.20)</b>
<b>VI</b>	<b>Tax expense</b>			
	Current tax		-	-
<b>VII</b>	<b>Profit/(loss) for the period (V-VI)</b>		<b>18.55</b>	<b>(1.20)</b>
<b>VIII</b>	<b>Other Comprehensive Income</b>			
	A.) Items that will not be reclassified to profit or loss		0.29	-
	B.) Items that will be reclassified to profit or loss;		-	-
	<b>Other comprehensive income for the period after tax (VIII)</b>		<b>0.29</b>	<b>-</b>
<b>IX</b>	<b>Total comprehensive income for the period (VII+VIII)</b>		<b>18.85</b>	<b>(1.20)</b>
	Face Value per equity share ₹ 10/-			
	Basic earnings per share (₹)	28	1.86	(0.12)
	Diluted earnings per share (₹)	28	1.86	(0.12)

As per our report of even date attached

For Oswal Sunil & Company

Chartered Accountants

Firm Registration Number: 016520N

*Nishant*

CA Nishant Bhansali

Partner

Membership No.:532900



Place : New Delhi

Date : 30.04.2024

For and on behalf of the Board

*Vijay Raj Jain*  
Vijay Raj Jain  
Director  
DIN : 00316800

*Arvind Kharabanda*  
Arvind Kharabanda  
Managing Director  
DIN : 00052270

*Piyush Kumar*  
Piyush Kumar  
Company Secretary  
M.No.: A57513

HFCL TECHNOLOGIES PRIVATE LIMITED  
CIN No. U29309DL2021PTC382794  
Statement of Cash Flow for the year ended March 31, 2024  
(All amounts are Rs in Lacs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>I. Cash Flow From Operating Activities</b>		
Profit before income tax	18.55	(1.20)
<b>Adjustments for:</b>		
Depreciation, Amortization and Impairment	3.27	2.07
<b>Change in operating assets and liabilities</b>		
Increase/(Decrease) in Trade payables	260.40	0.09
(Increase)/Decrease in trade receivables	(209.78)	-
(Increase)/Decrease in inventories	(46.25)	-
Increase/(Decrease) in other current liabilities	20.84	23.37
Decrease/(increase) in other current assets	(45.28)	(206.35)
Decrease/(increase) in other Non current assets	13.13	9.15
<b>Cash generated from operations</b>	<b>14.88</b>	<b>(172.87)</b>
Income taxes paid	(0.15)	-
<b>Net cash inflow from operating activities</b>	<b>14.73</b>	<b>(172.87)</b>
<b>II Cash flows from investing activities</b>		
Capital Advance for Purchase of Land/ PPE	447.21	(2,400.75)
Pre-operative Expenses (Pending Allocation)	(764.23)	(1,649.67)
Purchase of Intangible Asset	-	-
Purchase of Tangible Assets	(1,364.37)	(7.92)
<b>Net cash inflow (outflow) from investing activities</b>	<b>(1,681.39)</b>	<b>(4,058.35)</b>
<b>III Cash flows from financing activities</b>		
Proceeds from issue of equity shares	-	-
Proceeds from Borrowings	1,665.23	4,208.00
<b>Net cash inflow (outflow) from financing activities</b>	<b>1,665.23</b>	<b>4,208.00</b>
<b>IV Net increase (decrease) in cash and cash equivalents</b>	<b>(1.44)</b>	<b>(23.22)</b>
<b>V Cash and cash equivalents at the beginning of the financial year</b>	<b>5.24</b>	<b>28.46</b>
<b>VI Cash and cash equivalents at end of the period</b>	<b>3.80</b>	<b>5.24</b>

Notes:

- The Statement of Cash flow has been prepared under the indirect method as set-out in the Ind AS - 7 "Statement of Cash Flow" as specified in the Companies (Indian Accounting Standards) Rules, 2015
- Figures in bracket indicate cash outflow.
- Cash and cash equivalents (refer note 9), comprise of the following:

- Balance with banks	3.80	5.24
<b>Balances per Statement of Cash Flows</b>		

As per our report of even date attached  
For Oswal Sunil & Company  
Chartered Accountants  
Firm Registration Number: 016520N

  
CA Nishant Bhansali  
Partner  
Membership No.:532900



Place : New Delhi  
Date : 30.04.2024

For and on behalf of the Board

  
Vijay Raj Jain  
Director  
DIN : 00316800

  
Arvind Kharabanda  
Managing Director  
DIN : 00052270

  
Piyush Kumar  
Company Secretary  
M.No.: A57513

**HFCL TECHNOLOGIES PRIVATE LIMITED**

CIN No. U29309DL2021PTC382794

**Statement of Changes in Equity for the year ended March 31, 2024**

(All amounts are Rs in Lacs)

**A. Equity Share Capital**

Particulars	Amount
As at April 1, 2022	100.00
Changes in equity share capital	-
As at March 31, 2023	100.00
Changes in equity share capital	-
As at March 31, 2024	100.00

**B. Other equity**

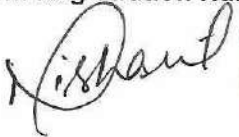
Particulars	Reserves and Surplus	Other Comprehensive Income	Total
	Retained Earnings	Remeasurement of defined benefit plans	
As at April 1, 2022	(29.53)	-	(29.53)
Profit for the year	(1.20)	-	(1.20)
Other Comprehensive Income for the year	-	-	-
As at March 31, 2023	(30.72)	-	(30.72)
Profit for the year	18.55	-	18.55
Other Comprehensive Income for the year	0.29	-	0.29
As at March 31, 2024	(11.88)	-	(11.88)

As per our report of even date attached

For Oswal Sunil &amp; Company

Chartered Accountants

Firm Registration Number: 016520N



CA Nishant Bhansali

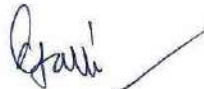
Partner

Membership No.:532900

Place : New Delhi

Date : 30.04.2024

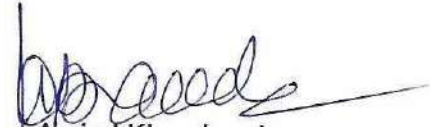
For and on behalf of the Board



Vijay Raj Jain

Director

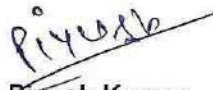
DIN : 00316800



Arvind Kharabanda

Managing Director

DIN : 00052270



Piyush Kumar

Company Secretary

M.No.: A57513

**HFCL TECHNOLOGIES PRIVATE LIMITED**
**Notes to Financial Statements for the year ended March 31, 2024**

(All amounts are Rs in Lacs)

**3 Property, Plant and equipment**

Particulars	Computer & Laptops	Printer	Office Equipment	Land (Freehold)	Plant & Machinery	Total
<b>As at April 1, 2022</b>	-	-	-	-	-	-
Additions	7.39	0.39	0.14	-	-	7.92
Disposals / Adjustments	-	-	-	-	-	-
<b>As at March 31, 2023</b>	<b>7.39</b>	<b>0.39</b>	<b>0.14</b>	-	-	<b>7.92</b>
Additions	-	-	-	1,262.12	102.25	1,364.37
Disposals / Adjustments	-	-	-	-	-	-
<b>As at March 31, 2024</b>	<b>7.39</b>	<b>0.39</b>	<b>0.14</b>	<b>1,262.12</b>	<b>102.25</b>	<b>1,372.30</b>
Accumulated depreciation and impairment	Computer & Laptops	Printer	Office Equipment	Land (Freehold)	Plant & Machinery	Total
<b>As at April 1, 2022</b>	-	-	-	-	-	-
Depreciation for the year	1.72	0.09	0.01	-	-	1.82
Disposals / Adjustments	-	-	-	-	-	-
<b>As at March 31, 2023</b>	<b>1.72</b>	<b>0.09</b>	<b>0.01</b>	-	-	<b>1.82</b>
Depreciation for the Period	2.47	0.13	0.03	-	0.39	3.02
Disposals / Adjustments	-	-	-	-	-	-
<b>As at March 31, 2024</b>	<b>4.19</b>	<b>0.22</b>	<b>0.04</b>	-	<b>0.39</b>	<b>4.84</b>
Net Carrying Value	Computer & Laptops	Printer	Office Equipment	Land (Freehold)	Plant & Machinery	Total
As at April 1, 2022	-	-	-	-	-	-
As at March 31, 2023	5.67	0.30	0.13	-	-	6.10
As at March 31, 2024	3.20	0.17	0.10	1,262.12	101.86	1,367.45

**1. Significant estimate: Useful life of tangible assets**

The Company has estimated the useful life of the tangible assets based on the expected technical obsolescence of such assets.

However, the actual useful life may be shorter or longer than the life taken, depending on technical innovations and competitor actions.



**HFCL TECHNOLOGIES PRIVATE LIMITED****Notes to Financial Statements for the year ended March 31, 2024**

(All amounts are Rs in Lacs)

**4 Intangible Assets (other than Goodwill)**

Particulars	As at March 31, 2024		As at March 31, 2023	
<b>Application software</b>				
<b>Cost or deemed cost</b>				
Opening balance	1.25	-	-	
Additions during the year	-	-	1.25	
Disposals/ adjustments / transfer	-	1.25	-	1.25
<b>Less:Accumulated amortisation and impairment</b>				
<b>Accumulated amortization</b>				
Opening balance	0.29		0.04	
Additions during the period	0.25		0.25	
Disposal / adjustment / transfer	-	0.54	-	0.29
<b>Total</b>		<b>0.71</b>		<b>0.96</b>



**HFCL TECHNOLOGIES PRIVATE LIMITED****Notes to Financial Statements for the year ended March 31, 2024***(All amounts are Rs in Lacs)***5 Preoperative Expenses pending Allocation**

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Brought Forward from earlier year</b>	<b>1,689.69</b>	<b>40.02</b>
Salaries, allowances and bonus	264.18	216.95
Contribution to Provident and other funds	10.94	8.95
Interest on Borrowings	425.23	181.48
Insurance Expenses	0.24	0.07
Depreciation and Amortisation	2.88	2.07
Legal and Professional Expenses	35.86	1,132.68
Auditors' Remuneration	0.40	0.40
Rates & Taxes	-	85.84
Registration & Fees Expenses	-	7.90
Office and General Expenses	0.02	0.52
Recruitment Expenses	4.32	-
Rent	7.77	2.56
Guest House Expenses	0.64	0.82
Staff welfare Expenses	0.27	0.05
Printing and Stationery Expenses	0.28	0.03
Travelling and Conveyance Expenses	11.22	9.33
<b>Total</b>	<b>2,453.92</b>	<b>1,689.69</b>

5.1 The Company is in the process of setting up the Project at Jammu. Expenditure during construction period is shown as Pre-operative expenditure pending allocation which shall be capitalized when the commercial production at such plant starts.

**5.2 Ageing as at end of respective years:**

Particular	Less than 1 Year	1-2 Year	2-3 Year	More than 3 years	Total
As at March 31, 2024	764.58	1,649.67	39.67	-	<b>2,453.92</b>
As at March 31, 2023	1,649.67	40.02	-	-	<b>1,689.69</b>

5.3 There are no overdue or overrun of project in progress as at end of respective years, based on approved plan.



**HFCL TECHNOLOGIES PRIVATE LIMITED**

**Notes to Financial Statements for the year ended March 31, 2024**

(All amounts are Rs in Lacs)

**6 Other Non Current Assets**

Particulars	As at March 31, 2024	As at March 31, 2023
Capital Advances for Purchase of Land	2,152.99	2,394.87
Capital Advances for Purchase of Plant & Machinery	5.55	210.88
<b>Total</b>	<b>2,158.54</b>	<b>2,605.75</b>

**7 Inventories**

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Inventories (As certified and valued by the management)</b>		
Raw Materials & Packing Materials	8.69	-
Finished goods	37.39	-
Semi Finished goods	0.17	-
	<b>46.25</b>	<b>-</b>

**8 Current Financial Assets - Trade Receivables**

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Trade Receivables</b>		
Unsecured, considered good		
Undisputed Trade Receivables - considered good	209.78	-
	<b>209.78</b>	<b>-</b>

**8.1 Additional Information**

As at 31st March 2024

Total O/s	Not Due	Due	Less than 6 Months	6 months - 1 Year	1-2 year	2-3 years	More than three years
209.78	209.78	-					

As at 31st March 2023: NIL

8.2 There are no disputed trade receivables at end of respective years.

**9 Current Financial Assets - Cash & cash equivalents**

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Cash and Cash Equivalents</b>		
Balance with banks		
- in current accounts	3.80	5.24
<b>Total</b>	<b>3.80</b>	<b>5.24</b>

**10 Current Tax Assets (Net)**

Particulars	As at March 31, 2024	As at March 31, 2023
Advance Income Tax / TDS Recoverable	0.15	-
Less: Provisions for Current Tax	-	-
	<b>0.15</b>	<b>-</b>



HFCL TECHNOLOGIES PRIVATE LIMITED

Notes to Financial Statements for the year ended March 31, 2024

(All amounts are Rs in Lacs)

11 Other Current Assets

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Unsecured, considered good</b>		
Advances other than capital advances		
- Advance to Vendors	13.85	13.85
- Advance to Employees	6.62	0.06
Balance with Government Authorities	236.00	206.27
Security Deposit	7.29	-
Prepaid Expenses	1.73	0.03
<b>Total</b>	<b>265.49</b>	<b>220.21</b>

12 Equity Share Capital

(i) Authorised Share Capital

Particulars	No of Shares	Amount
As at April 1, 2022	1,00,00,000	1,000.00
Increase during the year	-	-
As at March 31, 2023	1,00,00,000	1,000.00
Increase during the year	-	-
As at March 31, 2024	1,00,00,000	1,000.00

\*Equity share of Rs. 10 each

(ii) Shares issued, subscribed and fully paid-up

Particulars	No of shares	Amount
As at April 1, 2022	10,00,000	100.00
Add: Shares issued during the year	-	-
Add: Bonus shares issued during the year	-	-
Less: Share bought back during the year	-	-
As at March 31, 2023	10,00,000	100.00
Add: Shares issued during the year	-	-
Add: Bonus shares issued during the year	-	-
Less: Share bought back during the year	-	-
As at March 31, 2024	10,00,000	100.00

\*Equity share of Rs. 10 each

(iii) Shareholders holding more than 5 percent of Equity Shares

Name of Shareholder	As at March 31, 2024	As at March 31, 2023
	No. of share held	No. of share held
HFCL Limited (Holding Company)*	10,00,000	10,00,000
% of Holding	100.00%	100.00%

\* one share is held by each of six nominees

As at March 31,2024

(iv) Shares held by Promoter at the end of the period				
S. No	Promoter Name	No. of Shares	% of Total Shares	% Change during the period
1	HFCL Ltd	10,00,000	100%	-

As at March 31,2023

(iv) Shares held by Promoter at the end of the period				
S. No	Promoter Name	No. of Shares	% of Total Shares	% Change during the period
1	HFCL Ltd	10,00,000	100%	-



**HFCL TECHNOLOGIES PRIVATE LIMITED**

**Notes to Financial Statements for the year ended March 31, 2024**

(All amounts are Rs in Lacs)

**13 Other Equity**

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Retained Earnings	(12.17)	(30.72)
(ii) Items of Other Comprehensive Income recognised directly in Retained Earnings	0.29	
	<b>(11.88)</b>	<b>(30.72)</b>

**(i) Retained Earnings**

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	(30.72)	(29.53)
Net profit/(Loss) for the period	18.55	(1.20)
Items of Other Comprehensive Income recognised directly in Retained Earnings		
<b>Closing Balance</b>	<b>(12.17)</b>	<b>(30.72)</b>

**(ii) Other Comprehensive Income**

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	-	-
Items of Other Comprehensive Income recognised directly in Retained Earnings	0.29	-
<b>Closing Balance</b>	<b>0.29</b>	<b>-</b>

**14 Non-Current Financial Liabilities - Borrowings**

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Unsecured</b>		
Loan from Bodies Corporate	-	-
Loan from Holding Company*	6,073.23	4,408.00
*(Interest Rate @ 8% p.a. ;Period of loan 5 years)		
<b>Total</b>	<b>6,073.23</b>	<b>4,408.00</b>

**15 Non-Current Liabilities - Provisions**

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Provisions</b>		
Provision for Gratuity (Unfunded)	8.89	4.45
Provision for Leave Encashment (Unfunded)	13.39	4.70
	<b>22.28</b>	<b>9.15</b>



HFCL TECHNOLOGIES PRIVATE LIMITED

Notes to Financial Statements for the year ended March 31, 2024

(All amounts are Rs in Lacs)

16 Trade Payables

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Trade Payables</b>		
(i) MSME	49.83	-
(ii) Others	211.41	0.84
(iii) Disputed dues (MSMEs)	-	-
(iv) Disputed dues (Others)	-	-
<b>Total</b>	<b>261.24</b>	<b>0.84</b>

Trade Payables - Additional Information

Particulars	As at 31.03.2024			As at 31.03.2023		
	MSME	Others	Total	MSME	Others	Total
<b>O/S Amount</b>	<b>49.83</b>	<b>211.41</b>	<b>261.24</b>	-	<b>0.84</b>	<b>0.84</b>
Not Due Amount	49.83	-	49.83	-	-	-
Due Amount	-	211.41	211.41	-	0.84	0.84
<i>Due Ageing:</i>						
Less than 1 Year	-	211.41	211.41	-	-	-
1 - 2 Year	-	-	-	-	0.84	0.84
2 - 3 Year	-	-	-	-	-	-
More than 3 Years	-	-	-	-	-	-
<b>Total Due Amount</b>	<b>-</b>	<b>211.41</b>	<b>211.41</b>	<b>-</b>	<b>0.84</b>	<b>0.84</b>

Above balance of trade Payable include payables to related party. ( Refer Note 36)

17 Other Current Liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Expenses Payable	18.49	4.63
Payables to Employees	6.38	2.79
Salary Payable	13.25	11.18
<b>Total</b>	<b>38.12</b>	<b>18.60</b>

18 Other Current Liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory Liabilities	18.48	18.76
<b>Total</b>	<b>18.48</b>	<b>18.76</b>

19 Current Liabilities - Provisions

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Provisions</b>		
Provision for Gratuity (Unfunded)	0.02	-
Provision for Leave Encashment (Unfunded)	4.62	3.33
	<b>4.64</b>	<b>3.33</b>



**HFCL TECHNOLOGIES PRIVATE LIMITED**  
**Notes to Financial Statements for the year ended March 31, 2024**

(All amounts are Rs in Lacs)

**20 Revenue from operations**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Sale of products	177.78	-
Sale of services	-	-
	<b>177.78</b>	<b>-</b>

**21 Other Income**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Other non-operating income</b>		
Exchange Fluctuation Income (Net)	20.23	-
	<b>20.23</b>	<b>-</b>

**22 Cost of Material Consumed**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening Balance	-	-
Add : Purchases during the year	202.84	-
	<b>202.84</b>	<b>-</b>
Less: Closing Stock	8.69	-
<b>Total material consumed</b>	<b>194.15</b>	<b>-</b>

**23 Change in inventories of finished goods, work-in progress and stock-in trade**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Closing Stock</b>		
Semi Finished Goods	0.17	-
Finished Goods	37.39	-
<b>Opening Stock</b>		
Semi Finished Goods	-	-
Finished Goods	-	-
	<b>(37.56)</b>	<b>-</b>

**24 Employee Benefit Expense**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, allowances and bonus	1.66	-
Staff Welfare Expenses	0.07	0.04
<b>Total</b>	<b>1.73</b>	<b>0.04</b>

**25 Finance Costs**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2022
Bank Charges	0.22	0.61
Interest on late payment of GST	-	0.00
Interest on TDS	0.00	0.00
<b>Total</b>	<b>0.22</b>	<b>0.61</b>



**HFCL TECHNOLOGIES PRIVATE LIMITED**

**Notes to Financial Statements for the year ended March 31, 2024**

(All amounts are Rs in Lacs)

**26 Depreciation, Amortization and Impairment**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2022
Depreciation and Amortisation	0.39	-
<b>Total</b>	<b>0.39</b>	<b>-</b>

**27 Other expenses**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Freight & Cartage	0.04	-
Rates and Taxes	0.68	-
Legal and Professional Expenses	0.01	0.10
Travelling and Conveyance Expenses	0.01	-
Printing and Stationery Expenses	0.03	0.01
Office and General Expenses	0.58	0.34
Rent Factory	5.59	-
Electricity & Water Charges	0.18	-
Power Fuel & Water Charges	0.02	-
Security Expenses	0.23	-
Filing Fees	0.09	0.10
Repair & Maintenance	13.07	-
<b>Total</b>	<b>20.53</b>	<b>0.55</b>

**28 Earning per Share (EPS)- In accordance with the Indian Accounting Standard (Ind AS-33)**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Basic &amp; Diluted Earnings per share</b>		
<b>Profit /(Loss) after tax</b>	<b>18.55</b>	<b>(1.20)</b>
Weighted average number of Equity shares (used as denominator for calculating basic EPS)	10,00,000	10,00,000
Weighted average number of Equity shares (used as denominator for calculating diluted EPS)	10,00,000	10,00,000
<b>Nominal value of Equity share</b>	<b>Rs.10</b>	<b>Rs.10</b>
<b>Earnings per share basic</b>	<b>1.86</b>	<b>(0.12)</b>
<b>Earnings per share diluted</b>	<b>1.86</b>	<b>(0.12)</b>



29 Critical accounting estimates and judgments

The preparation of restated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgments are:

1. Estimation of contingent liabilities - refer Note below.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

30 Disclosure required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows :

There are no Micro, Small enterprise to whom the Company owes dues, which are outstanding for more than forty five days as at 31st March, 2024. The identification of Micro, Small enterprises and information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Company.

Particulars	As at March 31, 2024	As at March 31, 2023
a. Principal amount due	49.83	Nil
b. Interest due on above	Nil	Nil
c. Interest paid during the period beyond the appointed day	Nil	Nil
d. Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.		
e. Amount of interest accrued and remaining unpaid at the end of the period	Nil	Nil
f. 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 small enterprises for the purpose of disallowance as a deductible expenditure under Sec.23 of the Act	Nil	Nil

31 Payment to Auditors (Excluding GST)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Audit Fees (including limited reviews)	0.40	0.40

32 Commitments and Contingencies

(a) Contingent Liabilities not provided for in respect of :

	As at March 31, 2024	As at March 31, 2023
(i) Unexpired Letters of Credit	Nil	Nil
(ii) Guarantees given by banks on behalf of the Company	Nil	Nil
(iii) Claims against the Company towards sales tax, income tax and others in dispute not acknowledged as debt	Nil	Nil

(a) The Company has no pending litigations and proceedings as at 31st March 2024 (Previous Year - NIL).

(b) The Company periodically reviews all its long term contracts to assess for any material foreseeable losses. Based on such review wherever applicable, the Company has made adequate provisions for these long term contracts in the books of account as required under any applicable law/accounting standard.

(c) The Company did not have any outstanding derivative contracts as at 31st March 2024 (Previous Year- NIL).

(b) Capital Commitments

Particulars	As at March 31, 2024	As at March 31, 2023
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,977.83	3,603.07

33 During the year, Company has recognised the following amounts in the financial statements as per Accounting Standard on "Employees Benefits" :

a) Defined Benefit Plan

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company. The Company provides for the Gratuity Plan based on actuarial valuation in accordance with Accounting Standard 15 (revised), "Employee benefits". The present value of obligation under gratuity is determined based on actuarial valuation at period end using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to build the final obligations

Actuarial assumptions	Gratuity		Leave Encashment	
	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023
Discount rate (per annum)	7.23%	7.35%	7.23%	7.35%
Salary growth rate	7.08%	7.20%	7.08%	7.20%
Rate of return on plan assets	-	-	-	-
Average future service (years)	18.04	15.34	16.04	15.34

Table showing changes in present value of obligations :

Present value of obligation as at the beginning of the year	4.45	-	8.03	-
Acquisition adjustment	-	-	-	-
Interest cost	0.33	-	0.59	-
Past service cost (Vested Benefit)	-	-	-	-
Current service cost	4.43	4.45	8.66	10.21
Curtailment cost / (Credit)	-	-	-	-
Settlement cost / (Credit)	-	-	-	-
Benefits paid (if any)	-	-	(2.34)	(2.18)
Actuarial (gain)/ loss	(0.29)	-	3.07	-
Present value of obligation as at the end of the period	8.91	4.45	18.01	8.03



**Bifurcation of total actuarial (gain)/ loss on liabilities**

Actuarial (gain) / loss for the period - Obligation	-	-	-	-
Actuarial (gain)/ losses from changes in financial assumptions	-	-	-	-
Experience Adjustment (gain) / loss for plan liabilities	(0.29)	-	3.07	-
Unrecognised actuarial (gains) / losses at the end of the period	-	-	-	-
Total amount recognized in Other Comprehensive Income	-	-	3.07	-

**Key results to be recognized in Balance Sheet**

Present value of obligation as at the end of the period	8.91	4.45	18.01	8.03
Fair value of plan assets as at the end of the period	-	-	-	-
Funded Status	(8.91)	(4.45)	(18.01)	(8.03)
Unrecognised actuarial (gains) / losses	-	-	-	-
Net asset / (liability) recognised in Balance Sheet	8.91	4.45	18.01	8.03

**Expenses recognised in Statement of Profit and Loss :**

Current service cost	4.43	-	8.66	10.21
Past service cost	-	-	-	-
Interest Cost	0.33	-	0.59	-
Expected return on plan assets	-	-	-	-
Net actuarial (gain) / loss recognized in the period	-	-	3.07	-
Expenses recognised in the Statement of Profit and Loss	4.76	-	12.32	10.21

Note: The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the Actuary.

**34 Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of the Company. The Company operates in Business Segment of Manufacturing of optical fiber cable, Fiber and telecom equipments within India, hence does not have any reportable Segments as per Ind AS 108 "Operating Segments". The Company caters the needs of the domestic market, hence there are no reportable geographical segments.

**35 Deferred Tax**

The details of Deferred Tax Assets and Liabilities are as under:

	Particulars	As at 31st March, 2024	As at 31st March, 2023
(A)	<b>Deferred Tax Asset</b>		
	Carry Forward Losses	1.92	3.27
	Preliminary Expenses	0.76	0.76
	Gratuity	2.24	1.12
	Leave Encashment	4.53	2.02
	<b>Total</b>	<b>9.45</b>	<b>7.16</b>
(B)	<b>Deferred Tax Liability</b>		
	WDV of Property Plant & Equipment	21.63	(1.58)
	<b>Total</b>	<b>21.63</b>	<b>(1.58)</b>
	<b>Deferred Tax Asset / (Liability) - Net</b>	<b>31.08</b>	<b>5.59</b>

The management is of the view that currently the requirement of virtual certainty and convincing evidence as enunciated in Indian Accounting Standard (Ind AS) 12 are not met and therefore, Deferred Tax Assets have not been carried in the financial statements. Accordingly, the Company has not recognized the Deferred Tax assets as at 31st March 2024 (Previous Year - not recognized).

**36 Related Party Disclosure:**

**A) Related Party Disclosure, as identified by the Management**

**Related Parties where Control exists:**

HFCL Limited, Holding Company

**Fellow Subsidiaries**

HTL Limited  
 Raddef Private Limited  
 Dragonwave HFCL India Private limited  
 Moneta Finance Private Limited  
 HFCL Advance Systems Pvt. Ltd.  
 Polixel Security Systems Private Limited  
 HFCL Inc.  
 HFCL B.V.

**Key Management Personnel:**

Shri Mahendra Nahata	Director
Shri Vijay Raj Jain	Director
Shri Arvind Kharabanda	(Director upto 27-06-2021) (Managing Director w.e.f. 28-06-2021)
Mr. Prashant Kishanani	Company Secretary (from 04.04.2022 upto 06.04.2023)
Mr. Mahaveer Singh	Company Secretary (from 01.06.23 upto 22.12.23)
Mr. Piyush Kumar	Company Secretary (w.e.f 04.03.2024)

**B) Transactions with Related Parties**

Name of the Party	Description	During the year ended 31.03.2024	During the year ended 31.03.2023
		Amount	Amount
HFCL Limited	Expenses Incurred	0.53	206.90
HFCL Limited	Expenses Reimbursed	(0.53)	(206.90)
HFCL Limited	ICD	1,665.23	4,408.00
HFCL Limited	Interest on ICD	425.23	179.95
HFCL Limited	Purchases/receiving of Goods &	134.00	-
HTL Limited	Purchases/receiving of Goods &	32.94	-
Shri Arvind Kharabanda	Remuneration	12.00	12.10
Mr. Prashant Kishanani	Remuneration	-	5.59
Mr. Mahaveer Singh	Remuneration	7.07	-
Mr Piyush Kumar	Remuneration	0.81	-

Remuneration to Managing Director denotes Basic Salary, Allowances and Provident Fund. No other benefits, viz gratuity, leave encashment, company car & telephone are paid.



C) Closing Balance (Payable)/Recoverable

Name of the Party	As at 31st March, 2024	As at 31st March, 2023
HFCL Limited (Purchases)	(157.82)	-
HFCL Limited (ICD)	(6,073.23)	(4,408.00)
HTL Limited	(38.87)	-
Shri Arvind Kharabanda	-	-
Mr. Prashant Kishanani	-	(0.42)
Mr Piyush Kumar	(0.73)	(0.42)

37 In the opinion of the Board, Current Assets and Loans and Advances are of the value stated, if realized in the Ordinary course of business.

38 Financial risk management objectives

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

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk management framework.

Management of Liquidity Risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date.

	Note No.	As at March 31, 2024	As at March 31, 2023
		Carrying amount	Carrying amount
Borrowings	14	6,073.23	4,408.00
Trade payables	16	211.41	0.84
Other current liabilities	18	56.60	37.36

Capital management

Capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value.

Particulars	As at March 31, 2024	As at March 31, 2023
Borrowings (Note 14)	6,073.23	4,408.00
Trade payables (Note 16)	211.41	0.84
Other current liabilities (Note 18)	56.60	37.36
Less : Cash and Cash equivalents (Note 9)	3.80	5.24
<b>Total Debt</b>	<b>6,337.44</b>	<b>4,440.96</b>
Equity	88.12	69.28
<b>Total Capital</b>	<b>88.12</b>	<b>69.28</b>
<b>Capital and Total debt</b>	<b>6,426</b>	<b>4,510</b>
<b>Gearing ratio</b>	<b>-7191.48%</b>	<b>-6410.49%</b>

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

No changes were made in the objectives, policies or processes for managing capital during the period ended 31st March 2024.

39 Financial Instruments by category

Particulars	Mar-24			Mar-23		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
<b>1) Financial Assets</b>						
i) Cash and Cash equivalents	-	-	3.80	-	-	5.24
<b>Total financial assets</b>	-	-	<b>3.80</b>	-	-	<b>5.24</b>
<b>2) Financial liabilities</b>						
(i) Borrowings	-	-	6,073.23	-	-	4,408.00
(ii) Trade Payables	-	-	211.41	-	-	0.84
(iii) Other current liabilities	-	-	56.60	-	-	37.36
<b>Total Financial liabilities</b>	-	-	<b>6,341.24</b>	-	-	<b>4,446.21</b>

40 Financial ratios

Ratio/ Measures	Methodology	March 31, 2024	March 31, 2023	% Variance
(i) Current Ratio <sup>1</sup>	Current assets over current liabilities	1.63	0.19	758%
(ii) Debt Equity Ratio <sup>2</sup>	Total debt over share holder equity	68.92	2.84	2327%
(iii) Debt Service Coverage Ratio	Earning available for Debt Service over Debt	-	-	-
(iv) Return on Equity <sup>3</sup>	PAT over average shareholder equity	0.42	-0.84	-150%
(v) Inventory Turnover Ratio	Sales over average inventory	-	-	-
(vi) Trade Receivables Turnover Ratio	Net Sales over average account receivables	-	-	-
(vii) Trade Payables Turnover Ratio	Purchases over average trade payables	-	-	-
(viii) Net Capital Turnover Ratio	Net Sales over working capital	-	-	-
(ix) Net Profit Ratio	Net profit after tax over sales	-	-	-
(x) Return on Capital Employed <sup>4</sup>	EBIT over total assets less intangible assets less current	0.00	-0.419	-101%
(xi) Return on Investment	Interest Income, Net gain on sale of investment and net fair	-	-	-

PAT - Profit after tax

Working Capital - Current assets less current liabilities

EBIT - Earning before Interest and taxes



**Explanations on variances in excess of 25%**

- <sup>1</sup> Change in Current Ratio is due to increase in accumulation of Inputs
- <sup>2</sup> Change in Debt Equity Ratio is due to increase in borrowings from holding company
- <sup>3</sup> Change in Return on Equity Ratio is due to decrease in losses as compared to previous year
- <sup>4</sup> Change in Return on Capital Employed is due to increase in Long term Borrowings

**41 Other Statutory Information**

- (i) The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.
- (ii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (iii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries
- (iv) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- (v) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- (vi) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- (vii) The Company is not declared wilful defaulter by and bank or financial institution or lender during the year.
- (viii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period
- (ix) The Company has raised funds from issue of securities but there are no borrowings from banks and financial institutions
- (x) The Company has not obtained any borrowings from banks or financial institutions on the basis of security of current assets.
- (xi) The title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment and capital work-in progress are held in the name of the Company as at the balance sheet date.
- (xii) The Company does not have any transactions with companies which are struck off.

**42 Previous year figures have been regrouped, rearranged and/or reclassified wherever necessary to conform to current year's classification.**

As per our report of even date attached  
For Oswal Sunil & Company  
Chartered Accountants  
Firm Registration Number: 016520N

CA Nishant Bhansali  
Partner  
Membership No.: 532900



Place : New Delhi  
Date : 30.04.2024

For and on behalf of the Board

Vijay Raj Jain  
Director  
DIN : 00316600

Arvind Kharabanda  
Managing Director  
DIN : 00052270

Piyush Kumar  
Company Secretary  
M.No.: A57513

## HFCL Technologies Private Limited

### Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Rupees Lacs)

#### 1. Corporate information

HFCL Technologies Private Limited is a private company incorporated under the provisions of the Companies Act, 2013. The Company came into existence on 26<sup>th</sup> June 2021. The Company is wholly owned subsidiary company of HFCL Ltd.

#### 2. Material accounting policies

##### 2.1. Basis of preparation

###### 2.1.1. Compliance with Ind AS

All the Indian Accounting Standards issued under section 133 of the Companies Act, 2013 and notified by the Ministry of Corporate Affairs (MCA) under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are approved have been considered in preparation of these Financial Statements.

###### 2.1.2. Historical Cost Convention

The Standalone Financial Statements have been prepared on the historical cost basis except for the followings:

- certain financial assets and liabilities and contingent consideration that is measured at fair value;
- assets held for sale measured at fair value less cost to sell;
- defined benefit plans plan assets measured at fair value; and

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Standalone Financial Statements are presented in Indian Rupees except where otherwise stated.

###### 2.1.3. Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

#### 2.2. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading, or
- Expected to be realised within twelve months after the reporting period other than for (a) above, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period other than for (a) above, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.



### 2.3. Fair value measurement

The Company measures financial instruments, such as, derivatives 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.

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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Company categorizes assets and liabilities measured at fair value into one of three levels as follows:

- **Level 1 — Quoted (unadjusted)**  
This hierarchy includes financial instruments measured using quoted prices.
- **Level 2**  
Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.  
Level 2 inputs include the following:
  - i. quoted prices for similar assets or liabilities in active markets.
  - ii. quoted prices for identical or similar assets or liabilities in markets that are not active.
  - iii. inputs other than quoted prices that are observable for the asset or liability.
  - iv. Market – corroborated inputs.
- **Level 3**  
They are unobservable inputs for the asset or liability reflecting material modifications to observable related market data or Company's assumptions about pricing by market participants. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

### 2.4. Property Plant and Equipment

PPE are stated at actual cost less accumulated depreciation and impairment loss. Actual cost is inclusive of freight, installation cost, duties, taxes and other incidental expenses for bringing the asset to its working conditions for its intended use (net of tax credit, if any) and any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by the Management. It include professional fees and borrowing costs for qualifying assets.

Material Parts of an item of PPE (including major inspections) having different useful lives & material value or other factors are accounted for as separate components. All other repairs and maintenance costs are recognized in the statement of profit and loss as incurred.

Following initial recognition, freehold land is stated at actual cost. All other items of PPE are stated at actual cost less accumulated depreciation and impairment loss.

Depreciation of these PPE commences when the assets are ready for their intended use.

Depreciation is provided for on Plant & Machinery and on other PPE on written down value method on the basis of useful life. On assets acquired on lease (including improvements to the leasehold premises), amortization has been provided for on Straight Line Method over the period of lease.

The estimated useful lives and residual values are reviewed on an annual basis and if necessary, changes in estimates are accounted for prospectively.



Depreciation on subsequent expenditure on PPE arising on account of capital improvement or other factors is provided for prospectively over the remaining useful life.

The useful life of property, plant and equipment are as follows:-

Asset Class	Useful Life
Plant & Machinery	15 years
Furniture & Fixtures	10 years
Computers	3 – 6 years
Office Equipment	5 years
Vehicles	8 years

An item of PPE is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

## 2.5. Intangible Assets

### (i) Intangible assets

#### ➤ Recognition of intangible assets

##### a. Computer software

Purchase of computer software used for the purpose of operations is capitalized. However, any expenses on software support, maintenance, upgrade etc. payable periodically is charged to the Statement of Profit & Loss.

#### ➤ De-recognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the Statement of Profit and Loss when the asset is derecognized.

## 2.6. 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

### 2.6.1. Financial assets

#### *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. Purchases or sales of financial assets that require delivery of assets within a time frame are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in following categories based on business model of the entity:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

#### *De-recognition*

A financial asset is de-recognized only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.



Where the Company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

#### ***Impairment of financial assets***

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L).

#### **Financial liabilities**

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### ***Initial recognition and measurement***

Financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

#### ***Subsequent measurement***

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

#### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### ***Loans and borrowings***

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

#### ***Derecognition***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

### **2.7. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.



Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

A previously recognized impairment loss (except for goodwill) is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited to the carrying amount of the asset.

## 2.8. Revenue recognition

The company recognizes revenue in accordance with Ind- AS 115. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration that the Company expects to receive in exchange for those products or services. Revenues from Products are recognized at a point in time when control of the goods passes to the customer, usually upon delivery of the goods.

The Company presents revenues net of indirect taxes in its Statement of Profit and loss.

### ➤ Interest income

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable. Interest income is included under the head "other income" in the statement of profit and loss.

## 2.9. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, 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.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

## 2.10. Earnings per share

Basic earnings per share are computed by dividing the net profit after tax for the period attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.



## 2.11. Inventories

Inventories are valued at the lower of cost or net realizable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Cost Method.
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on Standard Cost Method.
- Loose Tools (Consumable) : It is valued at cost after write-off at 27.82% p.a.

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

## 2.12. Employee Benefits

### Short Term Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### Long-Term employee benefits

Compensated expenses which are not expected to occur within twelve months after the end of period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

### Post-employment obligations

#### i. Defined contribution plans

##### Provident Fund and employees' state insurance schemes

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (presently 12%) of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India. In addition, some employees of the Company are covered under the employees' state insurance schemes, which are also defined contribution schemes recognized and administered by the Government of India.

The Company's contributions to both these schemes are expensed in the Statement of Profit and Loss. The Company has no further obligations under these plans beyond its monthly contributions.

#### ii. Defined benefit plans

##### Gratuity

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company. The Company provides for the Gratuity Plan based on actuarial valuations in accordance with Indian Accounting Standard 19 "Employee Benefits". The present value of obligation under gratuity is determined based on actuarial valuation using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.



Defined retirement benefit plans comprising of gratuity, un-availed leave, post-retirement medical benefits and other terminal benefits, are recognized based on the present value of defined benefit obligation which is computed using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. These are accounted either as current employee cost or included in cost of assets as permitted.

#### **Leave Encashment**

The company has provided for the liability at period end on account of un-availed earned leave as per the actuarial valuation as per the Projected Unit Credit Method.

Actuarial gains and losses on defined benefit plans are recognized in OCI as and when incurred.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest as defined above), are recognized in other comprehensive income except those included in cost of assets as permitted in the period in which they occur and are not subsequently reclassified to profit or loss.

The retirement benefit obligation recognized in the Financial Statements represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of reductions in future contributions to the plans.

#### **Termination benefits**

Termination benefits are recognized as an expense in the period in which they are incurred.

### **2.13. Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset are capitalized as part of cost of such asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

